Austria .. Sch 15	Indonesia .. Rp 2500	Portugal ... Esc 65
Bahrain .. Din.0.650	Italy ...... L 1100	S. Arabia .. Rls 6.00
Belgium ... BFr 35	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.50	Jordan ... Fils 500	Spain ..... Pta 85
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.00	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr.35	Switzerland . SwFr 2
Finland .. Fmk 5.50	Malaysia .. Rm 4.25	Taiwan ... NT $85
France . FFr 5.50	Mexico .. Pes 300	Tunisia .. Din 0.600
Germany . DM 2.?	Morocco .. Dh 6.00	Turkey .... L 160
Greece .... Dr ?	Netherlands . Fl 2.25	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes 20	

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D 8523 B

Jacob Rothschild spreads his wings, Page 14

NEWS SUMMARY

GENERAL

Reagan appoints Mid-East envoy

President Reagan yesterday appointed former Defence Secretary Donald Rumsfeld as his new special Middle East envoy.

Mr Rumsfeld, 51, was Defence Secretary from 1975–77 during the Ford Administration. He replaces Mr Robert McFarlane, named National Security Adviser two weeks ago. Page 16

In Geneva, the Lebanese national reconciliation conference moved towards a compromise over the still unratified troop withdrawal agreement between Israel and Lebanon.

In north Lebanon, Palestine Liberation Organisation chairman Yassir Arafat made renewed pleas for Arab help as fighting raged around his remaining stronghold. Page 3

U.S. - Soviet missile differences narrow

The U.S. is expected soon to table more detailed proposals at Geneva to limit nuclear weapons in Europe. This will indicate that the differences between the two super-powers in two key areas have narrowed substantially in the last two weeks. Page 2

In Moscow arms expert Lev Semeiko rejected a suggestion from western peace groups including West Germany's Greens Party that the Soviet Union should not take "tit-for-tat" action over western missiles.

Iraqi land 'captured'

Iran said it captured Iraqi territory in the third phase of an offensive in the Kurdish mountains. Iraq issued a thinly-veiled warning of missile strikes against Iranian oil exports.

$19m for CIA

U.S. Senate has authorised $19m in covert funds for the first half of 1984 to aid the CIA in its action against the Sandinista Government in Nicaragua.

Dutch police threat

Dutch police said they would begin a series of work-to-rule actions on Monday unless the Government waived its undertaking to cut public sector pay. Page 16

Aquino inquiry starts

A Philippine inquiry into the August assassination of opposition leader Benigno Aquino opened, with unruly spectators and journalists milling round. Page 3

Newspaper halted

Italian Communist Party daily newspaper L'Unita was halted by a print workers' strike – the first for 60 years – over failure to draw up a lay-off plan.

Eta crackdown plea

Spain's Prime Minister Felipe González renewed appeals to France to crack down on the Basque guerrilla organisation Eta as he presented tougher anti-terrorist legislation. Page 2

Panda pampering

China is to build a second farm to save the giant panda, the New China News Agency said. The farm will include eight playrooms equipped with swings.

Briefly . . .

Death toll from Sunday's Turkish earthquake reached 1,330.

Yellow fever killed 62 in northern Ghana, Accra Radio said.

Zambian railworkers in the copper belt town of Ndola went on strike. Page 3

BUSINESS

Mexico 'a normal borrower by 1985'

● MEXICO will need only about $3.5bn new commercial bank financing next year and will return to normal "voluntary" borrowing from financial markets by 1985, senior Citibank vice-president William Rhodes forecast. Page 16

● WALL STREET: Dow Jones index closed down 10.17 at 1,227.13. Report, Page 25. Full share listings, Page 26-28

● TOKYO: markets were closed for Culture Day.

● FRANKFURT: Commerzbank index slipped 4 to 1,003.4. Page 25; Leading prices, Page 28

● LONDON: FT Industrial Ordinary index rose 6.9 to 714.7, its highest since August 30, as leading shares advanced. Gilts firmed, shorts gaining ¼, longs ¼. Report, Page 25, 29. FT share information service, Pages 30-31

● DOLLAR rose, partly on renewed Middle East tension, to DM 2.6545 (DM 2.644), SwFr 2.158 (SwFr 2.15), FFr 8.075 (FFr 8.0425). It eased to Y234.25 (Y234.45). Its trade-weighted index was 127.2 (127.3). In New York it closed at DM 2.6565; SwFr 2.156; FFr 8.075 and Y234.35. Page 35

● STERLING firmed in line with the dollar to $1.4895, a 20-point rise, DM 3.955 (DM 3.935), SwFr 3.2175 (SwFr 3.2), FFr 12.025 (FFr 11.96) and Y349.25 (Y349). Its trade-weighted index was unchanged at 83.7. In New York it closed at $1.489. Page 35

● SUGAR London daily raw price was £7 down at £130 a tonne, a new six-month low, partly on expectations of a sharp fall in production. Page 34

● GOLD fell $4.5 to $377.625 in London. In Frankfurt it closed $5.5 lower at $377.75 and in Zurich $6 down at $377.5. In New York the Comex November settlement price was $383. Page 34

● ARGENTINE central bank had talks with the future Radical administration on the immediate issues concerning the country's $39bn foreign debt. Page 4; Poles sign debt accord, Page 2

● TURKEY'S president Kenan Evren committed the country to $2.6bn spending on nuclear energy. Page 7

● U.S. House of Representatives narrowly approved legislation requiring companies that make or sell cars in the U.S. to include in their products a rising proportion of domestic content and labour.

● GOODYIELD Holding's books were seized by Malaysia's Registrar of Companies after complaints by dissident minority shareholders. Page 18

● CHRISTIANIA BANK, Norway's second biggest commercial bank, is to merge from January 1 with Fiskernes Bank, the tenth largest. Page 17

● SPANISH shipyard proposals involve cutting 10,500 out of 22,400 jobs to stop losses of about Pta 30bn ($200m) a year. Page 2

● KRAFTWERK UNION, the West German Siemens subsidiary, is to supply spare parts and components for India's, U.S.-built nuclear plant Tarapur.

● MANVILLE, the U.S. asbestos company operating under Chapter 11 bankruptcy proceedings while it tries to reach agreement on health claims, reported third-quarter net earnings of $20.3m against $22.8m. Page 17

● HOOVER, UK domestic appliance maker, lifted pre-tax profits to £3.62m ($5.4m) for the nine months to September 30 against a £6.81m deficit. Page 22; Lex, Page 16

● FORD topped European car sales in the first nine months, partly because of a steep fall in Renault sales. Page 7; UK car imports, Page 8

Botha wins 2–1 white majority for constitution

BY J. D. F. JONES IN PRETORIA

White South Africa has voted by a two-to-one majority for a new constitution which will bring the country's "coloured" (mixed race) and Indian minorities into a parliamentary system and continue to exclude the black majority.

Results of Wednesday's referendum, announced yesterday, showed that 66 per cent of the whites who went to the poll voted "yes" and only 33.5 per cent voted "no".

This is a major victory for Mr P W Botha, the Prime Minister, because the detail of the result suggests that large numbers of English-speaking South Africans put aside their traditional antipathy to the Afrikaners' ruling National Party and helped him beat off rightwing opposition from within his own Afrikaner constituency and party.

The Prime Minister, clearly exuberant, said yesterday: "We now have a vote in favour of evolutionary reform." His Government would feel strengthened to go forward with proper reforms. He described the result as "overwhelming" and claimed it would have a big influence on international as well as domestic opinion.

The new constitution proposes a House of Representatives for the "coloureds," a House of Deputies for Indians and a House of Assembly for whites. Each house would legislate for their "own affairs" such as education and local government of its community. Each would be consulted on "general affairs" such as foreign policy and black affairs in a series of joint standing committees. The exact mechanism remains, however, obscure.

Whites would retain considerable control through, for example, the enhanced powers of the republic's president and the set-up of the tricameral parliament. Blacks would be excluded from the system and the fundamental legislation of apartheid would remain unchanged.

Although analysis of the results is difficult because the votes were counted according to fifteen regional areas, not Parliamentary constituencies it appears thet the official opposition Progressive Federal Party (PFP) failed to persuade many of its supporters to support the party line and vote "no."

Most observers had reckoned that the Government would do well to win more than 60 per cent of the votes, and that the opposition – an embarrassed combination of the Liberal PFP and right-wing Nationalists who broke away to form the Conservative Party last year – could hope for 40 per cent.

In the event, the "no" vote slumped to almost 33 per cent. The total 2.06 votes represented a 76 per cent turnout: only the whites had a vote, out of a total South African population of about 30m.

Only one of the 15 regional districts voted "no," in the Northern Transvaal country districts which have been the power base of the Conservatives.

The white majority was particularly striking in some of the "English" areas where the PFP policy ought to have been effective, and where the Afrikaner Conservatives are in a minority. For example,

Continued on Page 16

Living in the shadow of Ciskei, Page 3

Arbed Saarstahl rescue clears hurdle

By James Buchan in Bonn

EFFORTS to rescue Arbed Saarstahl, the troubled West German steel company, took an important step forward last night when broad agreement by creditor banks was reached on a major financial restructuring.

At a meeting at the Economics Ministry in Bonn last night, the federal and Saarland governments accepted proposals from the bank working group, headed by Commerzbank, which envisage the banks' foregoing or postponing payments from the company worth DM 425m ($150m) over the next five years.

The banks, no less than Bonn and the Saarbrücken government, are making their contribution conditional on sacrifices from the 17,000-strong workforce. The works council is due to meet today to discuss the rescue package, which is believed to include a wage freeze for next year.

Arbed Saarstahl, which is the rump of the old Saarland steel industry now owned by Arbed of Luxembourg, needs DM 86m merely to continue making payments after November 10. Burdened by excess capacity and unfavourably sited, the company has already received DM 2.8bn in aid from Bonn and was only saved from bankruptcy by a similar action last year.

In the package put forward at last night's meeting, the banks have agreed wholly to forego half the interest accruing up to 1988 on bank credit to Arbed Saarstahl of DM 700m.

In addition to this contribution, amounting to DM 30m a year, the banks will accept delay in payment of the remaining interest until the end of 1985. All principal repayments are postponed until 1988.

The banks are insisting, however, that the other elements of the package fall into place. These comprise Bonn assistance likely to be well over the DM 86m immediately needed, agreement by the Saarland Government to shoulder the costs of early retirement towards a goal of 5,000 job cuts and financial sacrifices by the workforce.

Although prospects for success were said last night to be "not ungood" an important question remains the attitude of the trades unions

After the Krupp-Thyssen merger failure, Page 17

Jobless level in UK falls to 3.09m

BY MAX WILKINSON IN LONDON

THE NUMBER of Britons out of work fell sharply in October to 3.09m. For the first time for four years, the underlying total for the latest three months has also fallen.

The decline, shown in official figures yesterday, was accompanied by other indications that the rising tide of unemployment might at last be on the turn in the UK.

Vacancies notified to Jobcentres, the state employment offices, rose for the fifth successive month to a seasonally adjusted 167,000, which was 47 per cent more than in October last year.

Other recent figures have shown that total UK employment is now rising, that overtime is increasing and that the rate at which people are being made redundant has fallen.

British government officials were cautious, however, in their welcome for yesterday's figures, which come against a background of only a sluggish rise in industrial production and a warning from the latest Confederation of British Industry survey that manufacturing companies will continue to shed labour in the next four months.

The total number of unemployed in October fell by 73,000 to 3.09m, and the adult seasonally adjusted figure fell by 10,000 to 2.94m. That represents 12.3 per cent of Britain's labour force.

The Conservative Government will see the improvement as supporting the generally more optimistic view of the economy expressed recently by Mr Nigel Lawson, Chancellor of the Exchequer. Mr Lawson was confident that recovery would continue next year and poured scorn on some of the more pessimistic forecasts.

Mr Tom King, the Employment Secretary, however, gave a warning yesterday that the normal seasonal pattern would lead to a sharp increase in the unadjusted total for January.

After referring to "encouraging signs in the jobs market," he said: "Even if unemployment does level off, the real goal – steadily falling unemployment – will only be reached if Britiain proves it can compete in world markets." Therefore, he said, there could be no let-up in the fight against inflation.

Mr John Smith, the Labour Party employment spokesman, said that although he welcomed the fall, "the

Continued on Page 16

Rise in West German unemployed, Page 2; Tebbit to talk to unions, regional unemployment, Page 8; CBI feature, Page 10

British financial groups plan £400m merger

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

RIT AND NORTHERN, the London-based financial services group headed by Mr Jacob Rothschild, and The Charterhouse Group yesterday disclosed that they had planned a merger worth nearly £400m ($600m), one of the biggest marriages of British financial services groups in recent years.

In London yeterday it was predicted that the move would spark other big regroupings as UK companies sought to compete with their international rivals.

Mr John Hyde, chief executive of The Charterhouse Group, an investment and banking company, said yesterday: "Everything fits between ourselves and RIT and Northern. There is no blood on the carpet. It will be a super group at the end of the day."

Both sides said the merged company, to be called Charterhouse J. Rothschild, would have the resources and financial strength needed for development of a prominent international financial services group based in London, with a strong presence in the U.S.

The merger is being achieved through the new holding company, which is issuing shares to both groups in proportion to their current value on the London stock market. On that basis, Charterhouse will end up with 44 per cent of the enlarged equity, while RIT and Northern will hold the balance.

On the London stock market, shares of RIT and Northern rose 33p to 236p, valuing the group at £220m, while shares in Charterhouse rose 13p to 107p, valuing the company at £178m.

Both groups said that they saw immediate benefits arising from their complementary financial services activities. Charterhouse owns a merchant bank, Charterhouse Japhet, which belongs to the influential Accepting Houses Committee. It also owns a development capital business invested primarily in the UK, the U.S., Canada and France, and a growing consumer credit company.

RIT and Northern owns a 50 per cent interest in the U.S. investment banking firm L. F. Rothschild, Unterberg Towbin, and a 29.9 per cent stake in the London stockbrokers Kitcat and Aitken. It also has interests in a life assurance company, leasing and factoring operations and an expanding investment management business.

Both sides emphasised the importance of establishing a group with a substantial capital base "and the ability to compete effectively in the increasingly integrated and capital-intensive fields of financial services."

Charterhouse J. Rothschild intends to exploit the changes that are coming in the London capital market.

FINANCIAL ACTIVITIES OF COMBINED GROUP

Merchant Banking: Charterhouse Japhet; *investment banking and brokerage:* L. F. Rothschild, Unterberg, Towbin; *investment management:* J. Rothschild Investment Management, J. Rothschild Management Corp., Global Asset Management (part of RIT and Northern), Charterhouse Japhet; *unit-linked life assurance:* Target Life (part of RIT and Northern); *unit trust management:* Target Trust Managers, Bishopsgate (part of RIT and Northern); *leasing:* Anglo Leasing (part of RIT and Northern); *lease broking:* Aurit (part of RIT and Northern); *factoring:* Anglo Factoring (part of RIT and Northern); *development capital:* Charterhouse Developments & Charterhouse US.

Charterhouse has substantial industrial interests while RIT and Northern holds an important 29.9 per cent shareholding in Kitcat & Aitken, the London stockbroking firm.

Jacob Rothschild feature, Page 14; Lex, Page 16; Details, Page 24

Hewlett selects UK for research centre

BY JASON CRISP IN LONDON

HEWLETT-PACKARD, the fast-growing U.S. electronics group, has chosen the UK for its first research and development (R & D) laboratory to be sited outside Palo Alto, California.

The new laboratory, in Bristol, south-west England, will be the European centre for R & D, and will co-ordinate the work of 500 development engineers in Europe.

The decision to set up in the UK was taken after looking at West Germany, France, Switzerland, Japan, and other states in the U.S. The reasons for choosing the UK include the country's reputation for applied research and the quality of graduates.

Several other U.S. computer and electronics companies including IBM, have research and development facilities in the UK, and Digital Equipment, the world's second largest computer company, is setting up an R & D facility. This will specialise in developing office automation equipment for worldwide sales.

Hewlett-Packard also has a development centre specialising in computer software for office automation products at its UK head office in Berkshire. The company also carries out development work at plants in Grenoble, France, and AT Boeblingen, West Germany.

Hewlett-Packard's Bristol laboratories will be involved in long-term research and may include aspects of the so-called fifth generation of computers and expert systems.

Hewlett-Packard employs 2,400 people in the UK. More than 800 work in Scotland and about 100 in Bristol, where it makes computer memory-disk drives

Iraqi missile hits Greek ship

BY ROGER MATTHEWS, MIDDLE EAST EDITOR, IN LONDON

A GREEK merchant ship has been hit by an Iraqi missile while approaching the Iranian port of Bandar Khomeini at the head of the Gulf.

A spokesman for the owners, the Smelship Corporation, said three crew had been injured in the attack and the accommodation area was burned out. The 10,000-tonne vessel was later towed into port.

The company learned of the attack on Tuesday. Iraq had announced the previous day that five Iranian naval vessels had been sunk near Bandar Khomeini. The Greek ship, the Avra, had formed part of a convoy of merchant vessels protected by Iranian warships.

The Greek company was unable to confirm or deny whether the missile used had been an Exocet. The French and Iraqi governments both confirmed on Wednesday thet Iraq had taken delivery of five French Super Etendard fighters equipped with Exocet missiles.

On October 12, two days after the Super Etendards were first reported to have arrived in Iraq, 10,000-tonne Iranian merchant ship was sunk near Bandar Khomeini.

The newspaper of the ruling Ba'ath party in Baghdad again emphasised yesterday thet Iraq would deny Iran freedom of navigation in the Gulf if Iraq's own ships were prevented from using the waterway.

In the land war, Iran said it had launched the third phase of its latest offensive which began on October 19. Iranian troops had thrust further into Iraqi territory, west of the encircled garrison town of Penjwin. A military communiqué claimed that 1,200 Iraqi troops had been killed or wounded, and 11 villages overrun.

Iraq confirmed the start of the offensive and promised thet it would be crushed.

Terry Povey adds: According to marine underwriters in London, insurance rates for shipping entering the Gulf were unchanged after the news of the attack on the Avra. For the northern Gulf, which includes both Bandar Khomeini and the key oil terminal of Kharg Island, current rates are 0.5 per cent for cargo and 12.5 per cent for the hull. For the southern Gulf, primarily the main port of Bandar Abbas, the rates are 0.0275 per cent for the cargo and 0.075 per cent for the hull.

CONTENTS

Acid rain threatens coal use, warns IEA

By Paul Betts in Paris

THE ROLE of coal as a substitute for oil could be seriously undermined unless governments start investing in research and technologies to overcome the growing problem of acid rain pollution, according to Dr Eric Willis, the director of research and development of the International Energy Agency.

An IEA study released yesterday on energy research spending by the main Western industrialised countries showed that government expenditure on coal development last year fell significantly compared with 1981. Despite the improved longer term energy demand outlook, said Dr Willis, governments should step up basic research on acid rain pollution.

Although the debate about this form of pollution has been increasing, especially in West Germany, many industrialised governments have yet to wake up to the problem, he claimed. Unless it was considered seriously, the public image of coal could suffer in the same way as that of nuclear energy, he said.

While spending in coal development declined last year, research and development expenditures for conventional and advanced nuclear technology continued to increase. Indeed, the study shows that IEA countries spent nearly two-thirds of their total $7.17bn in energy research and development budget on it.

Dr Willis said a large portion of this spending was directed to research on safety of reactors and on waste disposal.

The IEA study shows that overall government research and development spending started to decline in 1981 reversing the upward trend that followed the 1973/74 oil crisis. Budgets were 9 per cent lower in total, due to a 24 per cent drop in the U.S. allocation. Excluding the U.S., spending rose a modest 4.1 per cent.

Lisbon approves private banking and insurance

By Our Lisbon Correspondent

THE Portuguese Government headed by Sr Mario Soares yesterday approved the re-opening of the banking, insurance, cement and fertiliser sectors to private capital eight years after they were nationalised.

The Cabinet approved two draft decree laws which will regulate access to banking and insurance by new private concerns.

It is likely that by the beginning of next year the first new banking institutions will be established. Most of the newcomers are expected to be foreign; about half the 22 foreign banks with representative offices in Portugal have signalled their interest in having full branches.

One or two Portuguese groups which had banking interests in the country before the 1975 revolution that led to nationalisation, are known to be contemplating a return to the banking scene.

W. German surplus

West Germany's capital account swung into a DM 39m (£9.9m) surplus in September from a revised deficit of DM 226m in August, according to balance of payments figures released yesterday by Deutsche Bundesbank, AP-DJ reports from Frankfurt. The September surplus compares with a deficit of DM 1.45bn in September a year ago.

U.S. reply to Soviet missiles offer due soon

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE UNITED STATES is expected shortly to table more detailed proposals at the Geneva talks to limit nuclear weapons in Europe. These will indicate that the differences between the superpowers in two key areas have narrowed substantially.

They will be presented as a constructive response to the proposals put forward by President Yuri Andropov last week. Western arms control officials say they will show that there could be room for agreement between the two sides on limiting nuclear-capable aircraft in Europe, as well as on limiting land-based weapons like the Soviet SS-20 missiles in both Europe and the Far East.

The officials are at pains to point out, however, that the narrowing of differences on what they describe as important, but still marginal, issues does not mean that overall agreement is likely before new U.S. cruise and Pershing 2 missiles start to be deployed in Europe in the next few weeks. On the most central issue of all—the creation of a superpower balance in medium-range missiles in Europe—Moscow and Washington remain as far apart as ever.

The apparent Soviet concessions offered in the past few weeks have all been conditional upon there being no new deployment of U.S. missiles in Europe to match the Soviet SS-20s. The U.S. and its Nato allies continue to reject the Soviet contention that the SS-20s are already balanced by the independent British and French nuclear forces. Nato says that unless the Soviet Union agrees to remove and dismantle its SS-20s, or to accept balanced U.S.-Soviet deployments, the siting of the U.S. missiles will go ahead.

Thus, the new U.S. initiative at Geneva should be seen primarily as an effort to keep up the momentum at the talks and to dissuade the Russians from fulfilling their threat to walk out if the deployments go ahead.

The new proposals are expected to take the form of an elaboration in "treaty language" of Washington's offer of last September. These proposed what Nato described then as important concessions on aircraft and on limiting missiles in both Europe and Asia.

Western officials say that Moscow has now narrowed the range of aircraft it wants included so the question need not be a sticking point in a future agreement. They also say that Moscow has moved a considerable way towards accepting a freeze on its SS-20s stationed in the Soviet Far East, thus opening the way to the possibility of meaningful negotiations on global limits for all medium-range land-based missiles.

However, the officials say that the central element in Mr Andropov's proposal last week—an offer to limit the number of SS-20s in Europe to 140—remains quite unacceptable since the figure continues to be linked to British and French nuclear forces.

Danes seek Nato meeting

BY HILARY BARNES IN COPENHAGEN

THE DANISH Parliament yesterday urged the Government to take immediate steps to call an extraordinary meeting of the Nato ministerial council this month, in order to evaluate developments in the INF negotiations before Nato begins to deploy new missiles at the end of this month.

The resolution, put forward by the opposition Social Democratic Party, won a majority, although the members of the four government coalition parties abstained.

It also called on the Government to make an active effort to prevent deployment of new missiles in Europe to stop preparations for deployment as long as negotiations continue in Geneva, and to work for extension of the Geneva negotiations beyond the November 15 deadline.

Greece determined to shut U.S. bases, says Premier

BY ANDRIANA IERODIACONOU IN ATHENS

DR ANDREAS PAPANDREOU, the Greek Socialist Prime Minister, has made clear his Government will stand by its independent foreign policy.

The Prime Minister has also stressed that Greece is determined to close the four U.S. military bases in the country and remove U.S. nuclear weapons.

Dr Papandreou's strong defence of a neutral foreign policy came in a rare parliamentary appearance on Wednesday night when MPs debated ratification of the defence and economic co-operation agreement which his Government signed with the U.S. last July.

Ratification of the agreement, which extends the operation of the U.S. bases for at least another five years, is a foregone conclusion.

The main parliamentary opposition, the conservative "New Democracy" party, has said it will support the Government. Only the pro-Moscow Communists, who occupy 13 seats in the 300-member House, will vote against it.

The Prime Minister repeated his Government's opposition to the deployment of Pershing 2 and cruise missiles in Western Europe.

He said experts from all Balkan countries, except Albania, will meet in Athens in early 1984, to forge ahead with a Greek plan for a Balkan nuclear-free zone.

Dr Papandreou was accused by Mr Evangelos Averoff, the New Democracy leader, of isolating Greece from friends in the Western camp.

Greek Foreign Ministry officials and foreign diplomats say the Prime Minister is concerned about Western reaction to Greek foreign policy and will try to redress the balance during his visit to London which started yesterday.

Plan for rescue of Portugal's railways

By Diana Smith in Lisbon

PORTUGAL'S HEAVILY indebted railways are putting a rescue plan to the Government that calls for closure of 200 stations and investments of Esc 42bn (£224m) over the next five years.

Accumulated losses total Esc 60bn and the company reckons that they could rise to Esc 105bn by 1988 unless productivity is increased and services pared.

Sr Queiroz Martins, the railways chairman, says much of the problem is the result of low levels of investment.

Under the rescue plan, financing for half the Esc 42bn investment is expected to come from the state. The company hopes the other half will be advanced by institutions like the World Bank or foreign commercial banks.

No staff will be sacked or laid-off. Instead, there will be a freeze on new hiring, staff will be moved to more useful tasks and 300 specially-contracted workers will go once their contracts expire.

Almost a third of provincial services on the least profitable lines will be reduced and local authorities will be asked to contribute to the cost of maintaining some loss-making lines.

The railways carry more than 200m passengers a year. Over two-thirds of traffic is carried on 45 per cent of the lines. Millions of cheap fares and an incalculable amount of free travel have compounded chronic over-manning and uncompetitive freight charges that discourage business from using the railways more.

Madrid faces political dilemma over future of Bilbao shipyard

BY DAVID WHITE IN MADRID

THE SPANISH Government faces a dilemma over whether to close one of the main shipyards at Bilbao, in the heart of the troubled and industrially depressed Basque country. Closure of the old Olaveaga yard and another at El Ferrol in Galicia is foreseen in proposals made this week by INI, the state holding company which groups the country's large shipyards.

The proposals involve cutting 10,500 of the 22,400 jobs at the main state shipyards in order to pull them out of the red in 1986. They are losing about Pta 30bn (£130m) a year, and have six ships on their hands for which orders have fallen through. In addition, 7,000-8,000 jobs at private and public-sector small shipyards are threatened with the axe.

The Government called for the proposals as the basis of a long overdue reconversion of the sector, in which Spain became one of the world leaders just before the 1974 oil crisis.

They propose to leave only three big shipyards — Cadiz, the largest and most modern facility, Seville and Bilbao's Sestao yard — and are geared to production expectations at the main State shipyards of 250,000 compensated gross registered tonnes in 1986.

INI says a large part of the job loss could be offset by early retirement and by alternative activities. It also controls five of the 35 small shipbuilders, with a third of the sector's production capacity, but has rejected the idea of "taking over more corpses."

Laws against terrorism tightened

BY OUR MADRID CORRESPONDENT

SPAIN'S Prime Minister, Sr Felipe Gonzalez, yesterday renewed appeals to France to clamp down on members of Eta, the Basque separatist organisation.

"I will not rest until these people who are unjustifiably considered political offenders disappear from French territory" he told Parliament as he presented tougher anti-terrorist legislation. Those "exceptional and temporary" measures include stiffer jail terms for terrorism, especially against members of the armed forces, and firmer action against people who publicly support terrorist organisations.

State prosecutors are to investigate the possible banning of political groups that side with Eta. The implicit target is the Basque Herri Batasuna party, which won two seats in Parliament at the general election but refuses to occupy them.

If current legislation was insufficient, Sr Gonzalez added, the Government would change the laws of political association.

The roughly 350 Eta members in Spanish prisons are being transferred to a top-security jail at Herrera de la Mancha, south of Madrid.

The legislation, which is being pushed through by special procedure, has been fully backed by the main right-wing opposition party, Alianza Popular.

Small rise in W. German jobless

BY JOHN DAVIES IN FRANKFURT

UNEMPLOYMENT increased slightly in West Germany last month, but less than normal at this time of year. After falling for two successive months, the jobless figure rose by 13,600 to 2.15m, or 8.7 per cent of the workforce, compared with 8.6 per cent in September and 7.9 per cent a year ago.

The Federal Labour Office said, that taking account of seasonal factors, the position had improved, thanks partly to good weather.

The plight of the young appears to have improved. The number aged under 20 registered for jobs fell by 12,400 to 186,700—a much sharper fall than at this time in previous years. But unemployment remains much higher among foreign workers than among Germans. At the end of last month, 276,900 of them were unemployed—13.8 per cent of the foreign workforce.

Meanwhile, industrial production, which includes building, appears to have picked up again. The Economics Ministry said the September index was unchanged against August, but the August figure had been revised upwards and the September figure might also be raised.

Industrial output in the third quarter was 2 per cent up on the same quarter last year.

EEC agreement sought on research plan

BY PAUL CHEESERIGHT IN BRUSSELS

RESEARCH MINISTERS of the EEC make another effort tomorrow to settle the details of an Ecu 1.5bn (£855m) programme intended to enable the Community to catch up with the U.S. and Japanese lead in information technology.

The outcome of their talks will be crucial in determining how far EEC leaders, at their summit in Athens next month, will be able to take the Community into joint action in new fields.

The European Strategic Programme for Research and Development in Information Technologies (ESPRIT) has been given priority by the Ten but discussions have become bogged down in managerial and administrative detail.

The October 26 meeting of research ministers in Luxembourg broke up inconclusively when interpreters walked out.

Under the plan the EEC will put up Ecu 750m over five years to fund half the cost of research projects by companies and academic institutions on advanced microelectronics, software and advanced information processing. The projects are to be joint ventures linking concerns in different EEC countries.

A pilot programme of 36 projects, chosen from more than 200 applications and costing Ecu 11.5m was instituted last August. If the broader programme takes off next year it will be a benchmark example of the organisation needed to run EEC private sector projects towards a commonly defined goal.

Since October 26, officials have been preparing the way for tomorrow's meeting in the hope that time will not again be wasted on heated and unresolved discussion involving items such as whether the calling of experts to Brussels is part of the staffing budget.

The issues to be discussed include the selection of the ESPRIT work programme, the conditions under which projects might attract more than 50 per cent financing, the administration of contracts and the nature of the companies winning contracts.

No decision is likely to be taken, however, on the total funding. That will be left to the summit to decide in relation to other EEC financial needs, always assuming the technical details of the programme can be settled.

Diplomats note that the success of the research ministers meeting could hinge on France, which, in October, started raising new objections to the programme's organisation.

Polish butter rationing causes wave of protest

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities, who are committed to introducing food price increases early next year, have been sharply reminded of the sensitivity of the food issue by a wave of criticism over the way in which butter rationing was brought in this week.

Yesterday the dispute reached the Council of Ministers which discussed the butter rationing after criticism in the press. Many speakers at a meeting on Wednesday of the Warsaw district party committee were sharply critical of Mr Zbigniew Lakomiec, the minister responsible.

The decision, which came into effect on Wednesday, was announced last Sunday evening. It gave people Monday to stock up before the All-Souls Eve holiday on Tuesday. Giant queues formed, full of angry people.

The fact that the decision to ration butter came as a surprise has also angered party officials, who resent being blamed for what they see as errors by the Government administration.

The Interior Trade Ministry has explained that rationing was introduced because of fears that supplies in the winter would fail to meet demand. Yesterday an official at the Cattle Breeders Association tended to confirm this view. He was surprised the move had not been made a month earlier.

Members of the 10,000-strong Consumers' Federation have voiced the suspicion that the rationing was introduced to pre-empt panic buying in response to the publication of the proposed new food prices.

Mr Mieczyslaw Rakowski, a deputy premier, said in a recent speech that two variants of the new prices would be presented for consultation. The Government's prices office said yesterday a brochure on the subject should be ready by the end of next week.

Military keep hold of the reins in Turkey's three-horse race

Sunday's election is a landmark despite its peculiarities, writes David Tonge

GENERALS' general elections have their peculiarities. Martial law, Press censorship, and a circumscribed choice of parties and candidates—these make next Sunday's polling in Turkey somewhat different to normal democratic ballots.

Yet the election is a landmark, both because of the tone it will set for the future and because it represents a point of no return for the generals who seized power three years ago.

If all goes well, it will mark the beginning of the return to barracks of the second largest ground forces in Nato. It will also lead to a rebuilding of the strained links between Turkey and half of Europe, and open the way to the unblocking of $600m of EEC funds—and will be followed by the more taxing prospect of a Turkish application for full membership of the Community.

But all that is some way down the road. Both the election itself and the situation facing the next government show that the Turkish military has no intention of allowing the civilians to run the country as they see fit. To this extent, the coup of September 1980 marks a significant change from the military's previous interventions in 1960 and 1971, when they acted, made their points and bowed out.

The election is notable for the absence of the country's best-known politicians, Mr Suleyman Demirel and Mr Bulent Ecevit. These were the last two prime ministers before the coup and led mass parties supported by more than 70 per cent of the electorate.

The generals blame them for allowing Turkey to descend into the economic chaos and political terror which preceded the coup—an opinion shared by many Turks. Rather than test the point at the polls, however, they have shown their determination to prevent any return to the pre-coup situation by banning Mr Demirel and Mr Ecevit from political activity. Furthermore, new political parties which have appeared to appeal to the two men's supporters have either been closed or excluded from the elections.

The result is a three-horse race between one party headed by a retired general bandwicked for the task by the military regime, another led by a senior civil servant after the coup, and a third headed by a man who was long the generals' Deputy Prime Minister.

The Nationalist Democracy Party of retired General Turgut Sunalp stands for law and order. Its candidates include the regime's Prime Minister and several ministers. It presents Gen Sunalp as the "generals' general" and offers to continue their no nonsense policies. It favours foreign capital, supports the mixed economy, but says it would sell some of the state economic enterprises and reduce the state's share in the economy.

The Populist Party of Mr Necdet Calp has been encouraged as a loyal opposition. The Populists put more emphasis on social justice and the social causes of tension and are sceptical about foreign investment, fearing it may lead to the same sort of dependence on foreigners that Turkey suffered during the dying days of the Ottoman empire.

Mr Turgut Ozal, leader of the Motherland Party, was the architect of the measures backed by the International Monetary Fund which helped Turkey begin to pay its way again in the world. He is an unabashed enthusiast for the free market and has even said he would sell the Bosphorus bridge to the public.

Mr Ozal's party is leading handsomely in almost all opinion polls, whereas the "generals' general" is limping third. In part, this reflects the views of that group of Turks who see Mr Ozal as the most independent of the three candidates and resent the arbitrary nature of Turkey today.

However, it must be said that the regime has a wide following and that the most enthusiastic crowds in the country are those which greet President Kenan Evren, the former chief of staff who led the 1980 coup. Nor can Mr Ozal's apparent lead be seen as proof of widespread repudiation of the general's rule. Not only is he the best known and patently the most competent of the three candidates but he has also gone out of his way to laud the regime's achievements. The electorate's variety of choice on the economic front is not matched on the political. Yet, inevitably, a government led by Mr Ozal with, for instance, his tolerance of the Press, would be very different from one led by General Sunalp emphasising the need for a disciplined democracy.

The problem for any government is that it is taking power under clear military tutelage. The constitution introduced last autumn established a strong presidential system with tight limits on the range of permissible political activities.

Its tone is authoritarian and it regulates in detail matters normally left to legislation. As for the 631 laws introduced in the past three years, these buttress the system: ensuring, for instance, that there is a complete ban on support for any political party by any trade union or professional association.

The checks and balances introduced after the 1960 coup are missing. President Evren's statement that martial law will continue indefinitely is an open instruction to the politicians not to try to invoke the new right of Cabinet and Parliament to decide on the use of emergency powers.

The President retains the right to delay legislation. His signature is necessary for the replacement of the host of generals running bodies from the Press and Information Directorate to the Ataturk Culture, Language and History Council. Even the next year's budget has already been decided.

The economic legacy awaiting the new government is as mixed as the political one. On the positive side, growth has continued and gross national product this year is expected to increase by 3.2 per cent. The external account is under control with reserves expected to increase this year by more than $100m.

Turkey's rating in the international capital markets has also improved. It has raised $405m since July and the central bank feels easy about the $600m to $800m it will need to raise next year.

However, inflation is sticking stubbornly above 30 per cent, unemployment affects at least 15 per cent of the labour force, living standards have had to be held 30-40 per cent below those of five years ago, electricity cuts are again plaguing industry, and more and more companies are unable to meet their bills.

All this means difficult times for whoever takes office. On the economic side, one of the first measures which must be taken will be the unpopular one of increasing the prices of some state-controlled products such as petrol. On the political side, the Government will have the problem of defining its relationship with the generals as pressures mount for a more open society.

For, however little the three approved parties are able, or wish, to alter the rules of the game, the election does mark an important step towards the introduction of less arbitrary rule in Turkey. Once the new Parliament meets in Ankara later this month, the ruling National Security Council ceases to be able to govern by decree. From this point on, the inevitable tensions between the politicians who ruled the country before the coup and those who have ruled it since will again begin to be felt.

To this extent the election marks a beginning rather than an end, for the generals are not the only determined people in Turkey today.

TRANSTURK HOLDING, one of Turkey's largest industrial groups, is expected to be taken over by government decree in the next few days, writes David Barchard. A conglomerate of 30 companies engaged in textiles, the motor industry, petroleum prospecting, and finance securities, Transturk applied to the Government this year to be bailed out from debts of around $80m.

The group was crippled by the collapse in July 1982, of its financial securities house, Meban, which became insolvent with debts of $40m soon after the collapse of the Banker Kastelli group. Meban had been regarded as Turkey's most sophisticated finance house and there had been hopes that it would evolve into its first genuine merchant bank. Transturk was forced to make payments of $15m to Meban to meet its liabilities.

The Government is now expected to take over ownership of half the shares of Transturk, and another 10 per cent will be taken up by the newly created financial securities stabilisation fund. Of the remaining 40 per cent of the shares, the Suren family who set up the group and own it will keep 13 per cent and the rest will stay in the hands of small shareholders.

The move follows the refusal of 12 major Turkish banks to meet Transturk's debt to the stabilisation fund, despite Treasury encouragement to do so.

N-power plans, Page 3

Warsaw signs debt agreement with banks

By John Davies in Frankfurt

POLISH authorities and representatives of Western banks signed agreements in Luxembourg yesterday on rescheduling Poland's commercial debt due this year.

Fourteen large Western banks signed yesterday and the rest of the 500 creditor banks are due to do so in the next few days. A representative of the Finance Ministry and the head and deputy head of Bank Handlowy, the foreign trade bank, signed for Poland.

Under the arrangements, 95 per cent of about $1.1bn of principal payments due this year will be rescheduled over 10 years, including a five-year grace period without repayments. The remaining 5 per cent is to be paid next January 16.

Interest payments for this year are to be paid on November 10 and 30 and December 15 and 31.

The creditor banks are also granting Poland $200m of new short-term revolving trade credit during a five-year period.

Both sides expressed confidence that these arrangements would favourably influence an agreement in principle soon on the handling of all other commercial credits not yet rescheduled.

Group of 10 to meet on IMF bridging credit

WEST BERLIN—Negotiations on a SDR 3bn (£2.13bn) credit to help the International Monetary Fund bridge part of its 1983 commitment gap will be resumed when the Group of 10 central bankers hold their monthly meeting in Basle on Monday, Herr Karl Otto Poehl, the Bundesbank president, said.

Herr Poehl, who chairs meetings of Group of 10 central bankers, said one condition has been fulfilled for granting of the credit, but other problems make the operation "not easy."

The IMF's commitment gap is expected to grow to about SDR 6bn by the end of 1983. Last summer SDR 3bn was sought from major central banks and a matching sum from Saudi Arabia.

However, central banks, led by resistance from the Bundesbank, have refused to grant the credit until the U.S. Congress sanctions its $8.4bn contribution to a rise in IMF quotas.

Reuter

Uzbek party leader appointed

By Anthony Robinson

THE Communist Party in the Soviet republic of Uzbekistan has appointed Mr Inamzhan Usmankhodzayev (53) to replace Mr Sharaf Rashidov (65) who died last Monday.

It remains to be seen whether he will also assume Mr Rashidov's post as non-voting candidate member of the Soviet politburo in Moscow.

Such a move is likely given the growing Soviet sensitivity about adequate representation of non-Russians in the top leadership and awareness of the growing population and political and religious consciousness of the Moslem republic.

Mr Rashidov, who was appointed to the politburo in 1961, is its fifth member to die or retire over the past two years.

Despite the gaps created in the politburo, which is down to 11 voting and six non-voting members, the only significant additions have been the promotion of Mr Geidar Aliyev (59), from candidate to full voting membership shortly after Mr Andropov's accession, and that of Mr Vladimir Dolgikh (59) to candidate member status in May last year.

There have been considerable changes in both the government and party posts at an intermediate level since Mr Andropov took over. But the failure to appoint new blood at the top level is a sign of continuing political limits to his freedom of action.

Irish employers urge tax cuts

By Brendan Keenan in Dublin

THE IRISH Federated Union of Employers yesterday suggested tax cuts in return for pay restraint in the next round of wage bargaining when they met the Prime Minister, Dr Garret FitzGerald, and senior ministers for talks on the economy.

The meeting was one of a series with business, trade unions, and farming organisations announced by Dr FitzGerald at his recent party conference. The Government hopes to reach some agreement on how to combat the country's economic problems.

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Lebanese talks near compromise on troop accord

BY ANTHONY McDERMOTT IN GENEVA

THE Lebanese national reconciliation conference appeared to be moving yesterday towards a compromise over the question of acceptance or rejection of the still unratified troop withdrawal agreement between Lebanon aod Israel.

At yesterday morning's official session of the nine members of the committee, the lines were drawn sharply between those on the Christian Phalangist side—in favour of the agreemeot being preserved—aod the left represented by Mr Walid Jumblatt, the Druze leader, Mr Nabib Berri, head of the Shia Amal group, and Mr Abel-Hamil Khaddam, Syria's Foreign Minister.

Mr Khaddam is here ostensibly in the role of observer, but with 40,000 Syrian troops in Lebanon, be clearly bas an important interest in offsetting Israel's occupation of Southern Lebanon.

Under the agreement with Lebanon, Israel will withdraw its troops, but only if Syria withdraws as well.

However, there are signs of some movement towards "freezing" the agreement. Unless agreement can be reached over the May 17 accord, the conference — about domestic political reconciliation in Lebanon—will end in failure.

The encouraging indication is that while Mr Khaddam was being wordily aggressive in the morning about trying to get Mr Amin Gemayel, the Lebanese President and chairman of the conference, to renounce the treaty, a senior aide to Mr Jumblatt, wbose links to Syria are very close, said: "We want to freeze it (the May 17 agreement) but we don't want to give Gemayel the key to the freezer."

In addition, former president Suleiman Franjieh, a friend of President Hafez Assad of Syria, was also in favour of freezing the agreement.

The main movement towards moderation has come in corridor conversations. Mr Richard Fairbanks, the acting U.S. special envoy to the Middle East, yesterday morning visited the Intercontinental Hotel to talk with Mr Pierre Gemayel, father of the Lebanese President and founder of the Pbalangist party. Mr Fairbanks bas also met Mr Jumblatt.

MR RICHARD LUCE, the British Minister of State at the Foreign Office, was prevented yesterday by the Israeli anthorities from meeting three Palestinian leaders living in the occupied West Bank.

A British consular spokesman in Jerusalem said that the three men had telephoned to say they had been forbidden to leave their homes. Mr Luce said he wanted to meet the three men in order to get a cross-section of views on the Arab-Israel conflict.

'Twenty die' in fighting at Arafat stronghold

BY OUR MIDDLE EAST STAFF

MR YASSER ARAFAT, chairman of the Palestine Liberation Organisation, made renewed pleas for Arab help yesterday as fierce fighting raged around his remaining stronghold in northern Lebanon.

The fighting broke out at dawn and quickly spilled over into the port of Tripoli. Palestinian forces loyal to Mr Arafat have been under increasing military pressure from Syrian-backed dissidents who appear determined to replace him.

At least 20 people were reported to have died in yesterday's fighting and two oil storage tanks were set ablaze close to the Baddawi refugee camp where Mr Arafat has his headquarters.

Before going off the air, Mr Arafat's radio station appealed for Arab help to prevent "a fresh massacre." It said that Syrian and Libyan forces had launched an all-out attack on the camp. Heavy artillery fire was reported from the area.

Other reports from Tripoli suggested that another attack was concentrated on Nahr al-Bared, nine miles from Tripoli.

Dissident Palestinians said in Damascus that Mr Arafat's pleas for help would not meet with any response. "The Palestinian people have decided to punish him for the harm he has done to the revoluotion and for the corruption of his leadership," said a spokesman.

Kathy Evans writes from Doha: The continuity of Mr Arafat's chairmanship of the PLO was vital, a Gulf Minister said. Mr Issa Kawari, the Qatari Information Minister, said Mr Arafat was "a catalyst" and a "moderate."

"The fact that he is a moderate is important. If the other extremists get hold of the leadership, then the situation in the Middle East will become more difficult and complicated."

His comments are the first from a Gulf official since the revolt against the PLO chairman began earlier this year. The Qatari Minister will be the official spokesman of the Gulf summit on Monday.

Philippines resumes inquiry into death of Aquino

BY EMILIA TAGAZA IN MANILA

THE new body constituted to investigate the assassination on August 21 of Mr Benignn Aquino, the Filipino opposition leader, yesterday began its task amid pressure from the U.S. Congress for a speedy, thorough and impartial investigation.

The five-man board opened the inquiry by asking the mother and sister of the alleged assassin to identify his body publicly.

The first hearing failed to allay public anxiety that the board may be unable to proceed smoothly with its work.

The head of the inquiry, Mrs Corazon Agrava, a retired justice, has admitted that the group was finding problems in hiring personnel. She said that several people bad been approached for key positions, but "most of them declined for fear of harassment, undue publicity and the temporary nature of the job."

Mrs Agrava said that the committee still needed legal assistance and office personnel. It has no office and no venue for its public hearings.

She also called on anyone with evideoce to co-operate with the board. "This is a difficult and painful task," she said.

The other members of the board are a corporate lawyer, a trade union adviser, a law teacher, and a private businessman, most of whom are relatively unknown.

The first commission, set up by President Ferdinand Marcos, was headed by the Supreme Court chief, Mr Enrique Fernando, and composed of four other retired justices.

Zambia appoints new Finance Minister

MR LUKE MWANANSHIKU has been appointed Finance Minister in President Kenneth Kaunda's new Zambian Cabinet, Reuter reports from Lusaka.

Mr Mwananshiku, who was Finance Minister in the mid-1970s and is a former central bank governor, takes over from Prime Minister Nalumino Mundia, who had been running the Ministry since the beginning of the year.

The portfolio has special importance in Zambia's fight against external debt brought about by its dependence on foreign earnings from a struggling copper mining industry.

The President said yesterday that his Government would make national economic recovery its main goal. "The new Cabinet has a chance to do that now," he said.

Rail strike

ZAMBIAN RAIL workers have gone on strike over wages, disrupting transport between the country's economically important copper mines and the southern border city of Livingstone, Reuter reports from Lusaka. The affected line forms part of Zambia's southern export route which has recently carried about half of the country's monthly copper consignments of 50,000 tonnes.

Muzorewa move

ZIMBABWE Prime Minister Robert Mugabe yesterday defended the security police's detention of Bishop Abel Muzorewa, Reuter reports from Harare. He accused the Bishop of associating with "our opponents and enemies," an evident reference to Israel and South Africa, and of help to destabilise Zimbabwe. Meanwhile, a chanting crowd of government supporters marched through central Harare yesterday demanding death for Bishop Muzorewa, who was detained on Monday.

Israeli doubts

EIGHTY PER CENT of Israelis believe their government has lost control of the inflation-plagued economy, Reuter reports from Tel Aviv. A public opinion poll published by the newspaper Haaretz showed that of 1,200 polled only 12 per cent believed the Government would bring the economy under control. Eight per cent expressed no opinion.

Indian crude output

INDIA'S state-owned Oil and Natural Gas Commission has said its offshore and onshore fields produced 10.9m tonnes of crude oil in the first six months of the year beginning April 1, up 30 per cent from the period in the last fiscal year. Reuter reports from New Delhi that the commission, one of two state oil production companies, said that it expected to achieve its 1983-84 output target of 22.6m tonnes.

Australia pledge

AUSTRALIA WILL be kept more fully informed of operations at the secret U.S. naval communications base at North West Cape in Western Australia, the Defence Minister told Parliament in Canberra yesterday. Michael Thompson-Noel reports from Sydney that Defence Minister Gordon Scholes defended U.S. installations such as North West Cape, Pine Gap and Nurrangar as contributions to nuclear deterrence. The Australian 1983-84 defence budget is A$5.3bn (£3.2bn), an increase on the previous year of 4 per cent in real terms.

Gandhi 'forcing Hindus to sin'

BY K. K. SHARMA IN NEW DELHI

PRIME MINISTER Indira Gandhi's ruling Congress (I) Party is preparing to meet a challenge from the opposition on an issue that bas aroused intense feelings among India's 500m-strong electorate: the import of beef and mutton tallow by the country's cooking-fat industry.

The issue would be of little or no importance in almost any other country, but, in India, it has caused widespread anger. Hindus, who comprise nearly 80 per cent of the nation's 700m people, never eat beef or beef products because they consider the cow family sacred.

The opposition has launched a bitter protest campaign accusing Mrs Gandhi's Government with permitting the hydrogenated oil industry, which manufactures the most widely used cooking-fat in the country, to import beef and mutton tallow.

The opposition claims that analysis of many samples has proved that the most popular cooking oil has been adulterated with tallow. The implication is that the Government has knowingly allowed the industry to "perpetrate the most outrageous act of defilement" by forcing Hindus, wbose religion bans them from eating any kind of beef, to commit an unthinkable sin.

The immediate impact of the opposition's accusations has been a mass boycott of hydrogenated oil (known as Vanaspati), about 1m tonnes of which is produced each year. Huge inventories have built up as Hindus turn to other cooking oils such as vegetable and clarified butter products.

More important, however, is the possible political impact of the campaign. Leading opposition parties are showing considerable success in portraying Mrs Gandhi and her Government as forcing Hindus to commit sacrilege.

Mrs Gandhi and other senior leaders of Congress (I) have been holding emergency strategy meetings on how they might counter the charges and have accused the opposition of "exploiting" the issue simply as a vote-catching gimmick.

So far, however, such statements, as well as an attempt to put the blame on the previous Government for failing to put beef and mutton tallow on the banned import list when it reformulated the policy in 1978, have had little impact on the people.

Party leaders are sufficiently worried to have already suggested to Mrs Gandhi that she should not consider early elections.

There has been widespread speculation that she will call early general elections, possibly for March or April rather than wait until they are due in December, to take advantage of the improvement in the economy and the current disunity among opposition parties.

Mrs Gandhi lost the 1977 election largely because of widespread anger over the birth control programme involving compulsory sterilisation launched by her late son, Sanjay, during her rule under emergency powers.

Bernard Simon in Johannesburg on the doubts and dreams of a business community

Living in the long shadow of Ciskei

MANY of the bad dreams of South African businessmen are coming true in the Eastern Cape city of East London.

The business community has found itself caught in the murky politics of neighbouring Ciskei, one of South Africa's "independent" tribal homelands.

Not only do recent events in Ciskei threaten the stability of East London's labour force, but they have also placed a question mark over the success in the area of South Africa's new decentralisation policy, which offers generous grants, subsidies and tax incentives to companies.

While present investors in the area are staying put, the chief executive of a large clothing manufacturer confirms that recent tension "would raise questions on how far one expands. It certainly would be a deterrent to anyone thinking of coming here."

East London is a pleasant, tough, somewhat rundown, harbour city where a homogenous, relatively well-educated and abundant workforce has attracted several multinationals, including Chloride, Wilson Rowntree, Johnson and Johnson, Hoover and Daimler-Benz's South African subsidiary.

But the area has had more than its fair share of troubles. It is a stronghold of the South African Allied Workers Union (SAAWU), one of the country's most radical black trade unions, which was involved in the recognition dispute with Wilson Rowntree last year. The South African Government has "resettled" thousands of blacks on East London's doorstep, giving the area the highest unemployment rate in the country.

To make matters worse, harbour activity has been slowed drastically by the suspension of maize exports earlier this year as a result of the drought.

A spark was put to these volatile ingredients last July when a Ciskei-owned bus company increased fares for commuters between the black township of Mdantsane and East London.

Mdantsane is the second biggest black residential area in South Africa after Johannesburg's Soweto. Although it is on the outskirts of East London it is part of Ciskei, and its residents are thus regarded as foreigners by the South African government.

Tensions have been raised further by internal political squabbles in Ciskei. The territory's "President" Mr Lennox Sebe has detained several former government officials, including his two step-brothers.

Commuters have boycotted the bus service since July, despite a reduction in fares when fuel prices were lowered. Most now take the train to work, but have to walk several miles at both ends of their journey.

Mr David Saunders, president of the local Chamber of Industries and managing director of a battery manufacturing company, says that "you notice that at 2.30 or 3 in the afternoon, the workers are starting to slack off. They're tired."

The bus boycott is only the tip of the iceberg. The Ciskei authorities have begun a reign of terror in Mdantsane in an effort to get workers back on the buses and to crush political opponents. A civil rights researcher estimates that about 100 people have died in the violence.

There is a night curfew in Mdantsane and shift workers need special night passes, but stories abound of Mr Sebe's illiterate vigilantes beating even those with the necessary documents.

SAAWU, which is recognised by three companies in East London, has been banned and its leaders have either been detained or are in hiding.

The Chamber of Industries has protested strongly to both the South African and the Ciskeian authorities, but to little avail. The South African Minister of Manpower visited East London three weeks ago, but the South Africans say they can do nothing about events in Ciskei which, in Pretoria's eyes, is an independent country. The only communication that East London's businessmen have had from Ciskei is an invitation to the opening of an electronics training college.

Businessmen and workers give some bouquets to the South African Railways. Temporary platforms have been built as close as possible to one industrial area, and trains stop along the line to pick up passengers who fear being beaten at the station.

One businessman says that the South African security police are keeping a lower profile than during earlier bouts of labour and political upheaval. None the less, a senior industrial relations executive at one multinational is said to have been questioned several times, and the South Africans almost certainly support Ciskei's action against SAAWU.

Tempers are beginning to fray. Despite some sympathy for the workers' plight, companies insist that their employees work normal hours. Managers say they do not have the resources to set up an alternative bus service.

No one knows how the present situation will be resolved. Businessmen hope that South Africa will put pressure on Ciskei to restore calm to Mdantsane. But Mrs Rosella Frasca, director of the South African Institute of Race Relations in East London, fears that "it's going to get worse, because at some stage the black man is going to say, 'I can't take any more.'"

China accuses Moscow of using Vietnam 'as weapon'

BY MARK BAKER IN PEKING

CHINA has accused the Soviet Union of using Vietnam as a weapon against it and of threatening the security of all countries in the Asian and Pacific region.

"Vietnam is now a knife the Soviet Union has placed in the back of China," says a commentary published yesterday by the official Chinese news agency, Xinhua.

It says Soviet military bases in Vietnam and the military alliance between the two countries "is a threat not only to the security of all countries in the Asian and Pacific region, but also to the international sea lanes."

The commentary, China's strongest attack on the Soviet Union for months, comes less than a week after a third round of official talks exploring a return to normal relations between the two countries.

It confirms the widespread view that the talks failed to make significant headway and that China has been angered by Moscow's refusal to make concessions on its military support for Vietnam, particularly in the occupation of Kampuchea.

Xinhua ridicules the Soviet argument that Vietnam and Kampuchea cannot be discussed in the talks.

"The Soviet military alliance has brought to light the true nature of the Soviet argument of 'no harm to a third country' and exposed the hypocrisy of such rhetoric," it says.

"Facts show that Soviet hegemonism and Vietnamese regional hegemonism linked together by a military treaty have constituted a serious threat to the peace and security in South-East Asia and a source of turbulence and tension in the region."

The commentary, timed to mark the anniversary of the signing of the friendship treaty between the Soviet Union and Vietnam on November 3 1978, says Moscow has used Vietnam to make "provocations and create bloody incidents" along their border.

The attack on the Soviet Union reinforces the view of diplomats in Peking that there is unlikely to be a significant improvement in relations between the two countries in the foreseeable future.

AMERICAN NEWS

Components plant dispute threatens Chrysler recovery

BY TERRY DODSWORTH IN NEW YORK

CHRYSLER U.S.'s accelerating recovery is under serious threat of coming to a complete halt as a result of a strike at one of its main component plants.

The dispute in the group's Twinsburg, Ohio, stamping facility has already led to the closure of four of Chrysler's eight assembly units, and could well force a shut-down of the rest over the weekend.

Chrysler would not say yesterday how many cars had been lost so far. But unofficial estimates suggest that output is now running at about half the normal weekly rate of 25,200 vehicles.

The dispute follows the signing of a new company wage agreement with United Auto Workers union in September, aimed at restoring some of the differential in incomes between workers at Chrysler and the other big U.S. car companies.

While this deal had been accepted by the local negotiators at Twinsburg, they are unhappy with working conditions in the plant.

In separate talks with the management, union representatives for the 3,200 workers have filed a list of 50 complaints, many of them directed at long working hours and the amount of working flexibility demanded on the production lines.

The effects of the dispute have spread so rapidly partly because of the type of products—mainly door, underbody and roof stampings—made at Twinsburg.

But these effects have been exacerbated by Chrysler's new policy of carrying only minimal stocks.

This method, borrowed from the Japanese car manufacturers and introduced with dramatic effects to reduce cash requirements during the financial crisis of the past three years, also means that it has become particularly vulnerable to supply constraints in key components.

Greyhound buses idle as workers fight pay plan

BY WILLIAM HALL IN NEW YORK

AMERICA'S 4,800 Greyhound buses, which carry 60 per cent of the country's long distance bus travellers, were lying idle in their depots yesterday as the company's 12,700 workers went on strike, protesting against management plans to cut their wages.

Greyhound buses, which have traditionally offered low-cost travel to millions of less-well-off Americans who could not afford air fares, have been caught out by the deregulation of much of the U.S. transportation industry.

This has encouraged the entry of several low cost companies to compete with Greyhound, a heavily unionist organisation. Its workers are paid roughly 25 per cent more than the competition, according to the management.

In an effort to improve its competitiveness, the bus line which carries some 57m passengers a year, has proposed cutting wages and benefits of its workforce.

Mr John Teets, Greyhound's chairman, has been anxious to "correct the widespread misinformation" which he claims has been disseminated by union officials that his company is proposing to cut wages by 30-50 per cent.

Greyhound has proposed to its workers a new contract of which the two most important provisions are: a 9.5 per cent salary cut for all employees, and a contribution to the pension programme of 5 per cent for current employees.

The company claims that even after the wage cuts, Greyhound workers will still be the best-paid in the industry. But the proposed new contract does not achieve parity with other bus competitors.

Greyhound is instituting a two-tier salary structure, with new employees to the company being paid at comparable rates to its competitors' workforces.

'Deceptive advertising' hearings planned

By Nancy Dunne in Washington

CONGRESSIONAL critics of the Federal Trade Commission (FTC) are planning a series of hearings to focus on the commission's interpretation of deceptive advertising practices.

Feuding between Mr John Dingell, chairman of the House Committee on Energy and Commerce and the FTC has been going on for months.

Last summer, the House committee refused to consider legislative proposals made by Mr James Miller (FTC chairman) which would cut the commission's role in FTC consumer protection.

Under the commission's new interpretation, advertising is deceptive if "there is misrepresentation, omission or other practices that mislead the consumer, acting reasonably in the circumstances, to the consumer's detriment."

Under previous Administrations, the FTC set a simple rule for advertising claims—they must rest on proof.

Chairman Miller and the Reagan Administration believe the Government should let the market decide about products and not go to vast lengths to protect unsophisticated or uninformed consumers.

Writing a dissent to the decision, commissioner Michael Pertschuk, a former chairman, said the new policy "cuts back" on the commission's authority to protect consumers.

While there must be a limit "on our ability to guard against every possible wrong interpretation of an advertising claim . . there is a marginal segment of commercial life . . . which exists only because there are unsophisticated consumers.

"To introduce into the law the idea that the trusting don't deserve protection is 'deregulation' in its most reckless and pointless form."

IDB meets on new Latin America unit

Representatives of member-countries of the Inter-American Development Bank (IDB) began a two-day meeting in Rome yesterday, to discuss the establishment of an Inter-American Investment Corporation (IIC), which would finance productive enterprises in Latin America, AP-DJ reports from Rome.

Radicals meet bankers on Argentine debts

BY ROBERT GRAHAM AND JIMMY BURNS IN BUENOS AIRES

INFORMAL CONTACTS have begun between members of Argentina's future Radical administration and the Argentine Central Bank on handling the immediate issues concerning the country's $39bn (£26bn) foreign debt.

According to highly-placed bankers, the conversations have centred on the signature of 30 outstanding public sector debt rescheduling contracts involving over $6bn.

Prior to Sunday's elections, signature of these contracts was a condition for the dispersement of a $500m tranche of a $1.5bn debt rescue package being provided by more than 300 international banks.

Argentina needs this tranche to repay $350m due on a $1.1bn bridging loan arranged earlier in the year. It also needs the funds to bring up to date payments on arrears which stopped in the first week of October.

Drawing of this tranche has been twice postponed due to a series of technical and legal difficulties.

A month ago, Sr Julio Cesar Gonzales del Solar, governor of the central bank, was briefly imprisoned by a Patagonian judge on the grounds that certain clauses in the rescheduling contract infringed national sovereignty. The judge's action was subsequently overruled by a higher court.

So far only one of the public sector rescheduling contracts, that of Aerolineas Argentinas, has been signed.

However, the outgoing banking authorities are confident that no major hurdles stand in the way of signing the remainder by December 15.

This is the new deadline set by the international banks, and also happens to coincide with the date being mooted for the installation of the Radical Government, headed by Sr Raul Alfonsin.

The Radicals are understood to have no objection to the content of the contract. The judge's action against the central bank governor was backed by sectors in the air force who claimed that national sovereignty was infringed and sought to stall further negotiations until after the elections.

At least two of the contracts, those of the utility Agua y Energia, and a Republic of Argentina loan, are far advanced.

The Radicals would prefer to have all contracts out of the way before taking office and in this spirit, the contracts with the central bank have been held.

But because of the sensitivity of the debt question, the Radicals are unlikely to give formal endorsement to the rescheduling contracts—merely a "nod and a wink."

The incoming administration is acutely aware of the need to gain the confidence of the international banking community as quickly as possible.

By next week contact is expected to be established with the International Monetary Fund, and it is likely that a fund mission will visit Buenos Aires either just before or after the new administration takes office.

Radical Party economists say that the Government's economic programme has to be worked out if not with direct IMF co-operation, at least along lines that the fund would endorse.

At present, leading Argentine bankers say the country is meeting all the fund's targets, except for payment of arrears.

The central bank has declined to reveal the current state of reserves, which have been badly depleted in the past few months due to flight of capital.

Foreign currency reserves, according to foreign bankers, could be no more than $250m. However, the country is still believed to possess around $2bn-worth of gold holdings valued at market price.

The leading Radical economist expected to hold office in the new government, Sr Bernardo Grinspun, said Argentina would be seeking easier terms when the broader issue of re-negotiating the country's debt was raised in the new year.


Sr Raul Alfonsin

Falling due next year are $10bn of payments, of which $5bn is interest. The Radical government, he said, would be seeking a longer period of grace in re-scheduling existing debt and softer terms for fresh money.

On present projections, the country will need about $1bn of fresh money on the basis of a $4bn trade surplus.

Nancy Dunne in Washington looks at the legacy of the departing Interior Secretary

Why Watt incurred the wrath of U.S. environmentalists

Mr James Watt, the departing U.S. Secretary of the Interior, liked to tell audiences that his shiny pate, thick glasses and big grin had "launched a thousand cartoons."

But behind the self-deprecating jokes was a man grimly intent on reversing two decades of policy-making in which regulations designed to protect the environment had come to control the disposition of government-owned lands.

Mr Watt believed that excessive rule-making has hindered necessary commercial, mineral and energy development of U.S. resources. It was a course that he and President Reagan were determined to change.

Whether Mr Watt's successor, Mr William Clark, the President's friend and former National Security Adviser, will pursue his policies is not yet clear. At his Senate confirmation hearings this week, he pledged to "bring a proper balance" to the management of America's resources.

But many conservationists are opposing his nomination because, they say, as a California state judge, he consistently favoured developmental interests over environmental ones.

If left unchecked by congress and the courts, the U.S. Secretary of the Interior has enormous power. He administers 750m federally owned acres—one-third of the entire country—including 75m acres of national parks, 84m acres of wildlife refuges, 190m acres of national forests and 200m acres of wilderness.

The land contains vast supplies of mineral wealth as well as a possible 85 per cent of the crude oil yet to be exploited, 40 per cent of the natural gas, 35 per cent of the coal, 80 per cent of the oil shale, tar sands, uranium and precious water supplies needed by farmers, ranchers and fishermen.

With great chunks of America's land spoiled by unplanned commercial development of the past, waterways in ruin and wildlife gone or disappearing, the environmental movement has succeeded over the past decade in mobilising public opinion to the view that further use of U.S. land should be carefully controlled.


Mr William Clark

It was inevitable that it could clash head-on with Mr Watt, bent on developing federal resources and philosophically opposed to government planning. The two sides warred constantly with inflammatory rhetoric and vituperative criticism—and Mr Watt's gaffes—often obscuring the far-flung changes underway in the interior department.

While declaring that development was going on in a "wise phased and balanced" manner, Mr Watt was reversing federal policy across the spectrum of functions performed by his department. He was making changes without congressional consent, using budgetary cut-backs, regulatory manipulation and personnel shifts.

Among the most controversial of his actions were:

● Opening virtually the entire outer continental shelf to bidding by oil companies and, instead of explaining that only a fraction of the area would be drilled, bragging about leasing "1bn acres" of U.S. coastal water. (Critics howled about the risks of oil spills and other environmental damage and said the oil industry could not even afford the massive enterprise.)

● Offering record tonnages of coal in leases of public lands at a time when coal was glutting the market. (A Government accounting office study said some of the leases went for "firesale prices" to companies which had improper insider knowledge of the bidding.

● Moving, ultimately, unsuccessfully, to process pending applications for oil and gas drilling in federal wilderness areas.

● Spending more money for the upkeep of national parks, while seeking a virtual moratorium on the acquisition of new land and even resisting outright donations of acreage by private owners.

Mr Watt's policies often were not consistent with his pronouncements. While calling himself a lover of the outdoors in a speech given in 1981, he pledged that "as long as I am Interior Secretary, there will be no mining, drilling, timbering and exploitation

Two years later his department was preparing regulations to expand the rights of coal companies to develop strip mines in 3.7m acres of private property within national parks.

Department officials also began processing applications for oil and gas leasing on as many as 1m acres of land in the national wildlife refuges.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The challenge of emulating IBM

BRUCE HENDERSON has spent his working life convincing businessmen that life is complicated—and then offering them ways of making it simpler (at a price, of course). He's made a fortune doing it.

As founder of the Boston Consulting Group 20 years ago, and its chairman ever since, Henderson has been dubbed "the greatest single influence on top management since 1970" (the title was presumably held until then by Peter Drucker).

So why should Henderson claim, at a packed conference in Paris last week organised by the Strategic Management Society, that "most companies don't have a strategy—they just talk about it, like they do about the weather"? Was he admitting to the flood of recent criticism that BCMG's portfolio matrices, experience curves and so on have done as much harm as good by overcomplicating things?

Not a bit of it. In the true style of an elder statesman (particularly one who has just joined the world of academia) Henderson complained that companies actually need *more* tools and techniques if they are to survive and prosper.

If companies really had been able to produce sophisticated strategies, be asked, would so many of them all have jumped together into tha computer business? Many of the entrants who are now fighting for their lives had not even worked out relatively simple things: how they were going to secure their technical talent, develop their software, and so on. Yet if they wanted to have a strategy worth the name, they would have to go very much further than that, for instance, into highly complex "mapping" of competitive strengths and weaknesses.

Several speakers at the conference elaborated the argument, first propounded by Professor Henry Mintzberg of Montreal's McGill University, that strategy is as much the result of a company's actions as a rigid plan of campaign. This has painful ramifications for those consultancies which, like BCG in its heyday, are largely geared to the provision of complex analytical tools.

Apart from sending nearly 500 academics and consultants away from Paris in a state of nagging self-doubt, Henderson's speech encapsulated one of the main questions to arise from the proceedings of the three-day conference: how large, diversified companies can give the necessary co-ordination to their various divisions and units, while at the same time promoting entrepreneurship within them. How they can emulate IBM's fleetness of foot, in ohter words.

Several papers at the conference highlighted a major structural deficiency in this key area from which European companies may soon be suffering at the hands of their U.S. competitors. Papers from Professor Michael Porter of Harvard and Philippe Haspeslagh of Insead (the international business school near Paris) combined to suggest that the balancing act of "freedom versus control" will be easier for companies already organised (like IBM, General Electric, or a host of otber U.S. groups) on the basis of networks of decentralised but co-ordinated "strategic business units" (SBUs) than for those which are still (like most Europeans) in a basically divisional structure, or worse still, completely centralised.

Immature

The point was given forceful emphasis by a speech from Gerard Worms, the thankless head of Rhone Poulenc, the troubled but recovering French chemicals group. So long as a company'a management was "professionally immature," centralisation was inescapable, he pointed out, indicating that professionalisation of managers (which presumably includes education in BCG's dogma) was now a top priority for Rhone Poulenc.

Europe's problem was most succinctly diagnosed by Philippe Haspeslagh. Manageable and efficient co-ordination (as opposed to centralisation) can only be established without stifling the organisation if companies do it selectively, he argued. But they can only know how to do that if, unlike most Europeans, they have already been operating for several years with highly professional and almost completely decentralised business units. So, says Haspeslagh, it will be difficult for European companies to skip the "SBU stage." Which may leave them just as far behind IBM as they are today.

Christopher Lorenz

Managers' unions in decline

Brian Groom explains why recruitment is slowing down

AT THE end of the last decade Britain's managers and senior professional staff were joining trade unions in increasing numbers. But far from engulfing industry many employers and union officials now say that the tide has been stemmed in Mrs Thatcher's very different Britain of the 1980s.

Even its most ardent enthusiasts admit that managerial recruitment has slowed down; others believe it has stopped or gone into reverse. What seems certain is that much of what growth there is for the TUC's big battalions in this field lies in absorbing smaller organisations which have hit bard times, thus reshuffling the pack.

The clerical union Apex, for example, included nearly 11,000 managers in its numbers three years ago, but now has 9,000. This is largely because of job losses, hnt Roy Grantham, general secretary, says: "Everyone's afraid. The pace of recruiting the unorganised has slowed down significantly because people who fear redundancy think union membership will be a black mark against them."

Other reasons include:

- An adverse political climate. Times have changed since TUC visitors were welcomed at Downing Street and helped frame national policies, including those on pay—and managers joined unions to have an inpnt.
- Employers bave introduced performance-related pay systems for senior staff, splitting the etrong from the weak and reducing tha size of across-the-board elements which unions could bargain over.
- Companies keep line managers better informed, so they do not learn what is happening from manual workers' shop-stewards coming back from top-level meetings with executives.
- Unions' ability to save jobs has taken a knock in the recession.

None of this has stopped unions from redoubling efforts to recruit managers. They may not be quite the "new working class" which the TUC is setting out to woo, but they are one of the most significant largely unorganised groups left open to unions keen to extend their influence and offset membership losses caused by redundancies in traditional areas.

Individual unions can still enjoy success. Frank Chapple's Electrical and Plumbing Trades Union (EPTU) has been amalgamating with non-TUC unions and managerial staff associations; Clive Jenkins' Association of Scientific, Technical and Managerial Staffs (ASTMS) is active in this field, and says it is still persuading individual managers to join.

"We are having to put more effort into recruitment and marketing ourselves, but that is what unions should be doing anyway," says Roger Ward, secretary of ASTMS's managerial council.

Unions do not dwell on strikee and political levies when wooing managers. They highlight the benefits of collectiva bargaining, arguing that senior staff salariea bave fallen behind, and offer services such as representation on individual grievances, and legal aid.

As one ASTMS engineering member pnts it: "Tha average engineer or manager is not interested in joining the union for its own sake. Wa have to provide a forum to pursue the interests of the industry, and campaign to improve pay and conditions in relation to other professions."

Statistical evidence is scarce. The Engineering Council's latest survey shows that 40.7 per cent of chartered engineers are in unions, against 42.2 per cent in 1981; for technician engineers the figure is 54.2, down from 59.9 per cent.

The general level of union membership among managers appears lower. Things have probably not changed greatly since a 1981 survey by the British Institute of Management, whicb found that only 8.1 per cent of private sector respondents were in unions, 3.6 per cent were in staff associations, and 0.8 per cent were in both.

The numbers were much higher in the public sector wbere nationalisation has been a spur to management unionisation; 48.1 per cent in unions, 11.3 per cent in staff associations, and 11.9 per cent in both.

What recruitment there bas been bas brought unions into conflict. The 4,600-member non-TUC Association of Management and Professional Staff (Amps) has voted to join Chapple's EPTU—but not before Jenkins' ASTMS claimed to have taken between 1,000 and 2,000 of its members, which the other parties botly denounced as an exaggeration. The merger has been held up by an objection over the ballot lodged by an Amps member.

Among the casualties Amps, a chemicals union, once had 9,000 members and looked set for growth. But faced with membership decline and rising subscriptions, it has now sought refuge in the EPTU.

This was a setback for the Engineers' and Managers' Association (EMA), led by John Lyons, which seemed set to recruit Amps last year but was jilted in favour of the EPTU. The EMA bad set out in the late 1970s to become the union for senior staff in engineering but like the UK Association of Professional Engineers before it, encountered resistance from employers and existing white-collar unions. The EMA remains viable and may yet grow, but its membership bas fallen from 48,000 to 41,000 (with the bulk still in its traditional electricity supply base) and it clearly has so far not taken off in the way it hoped.

Senior staff are offered a bewildering variety of forms of representation. Professional engineers alone are represented by more than 19 unions. Tbe most successful large unions are those which allow autonomy to their managerial groups, since many managers believe they have special interests and are bostile to unions' political aims.

In the independent sector, about 500,000 people belong to non-party political staff associations and unions (nearly all non-TUC) from industry to banking and medicine. They are represented by the Managerial, Professional and Staff Liaison Group.

The MPG lobbies the Government on issues like fiscal policy and industrial relations. Wilfred Aspinall, its director, claims: "The TUC does not speak for managers and professional employees in this country. It speaks for the industrial worker."

What does the future hold? The barsbest words about the unions' chances of recruiting more managers come from Peter Ball, director of operations at the Engineering Employers Federation, which opposes collective bargaining by managers.

"The whole thing is dead. There was tremendous excitement under the Wilson Government and I suppose a bit under Callagahan when everyone had to be consulted through the union, but these days quite honestly it's disappeared." What would it take to bring it back? "A Labour Government and a corporate state."

Tom Rice, national secretary of the EPTU white-collar section, believes his own union will continue to pick up staff associations (the Rolls-Royce managers are likely to be balloted soon). Roy Grantham of Apex has seen signs in the last nine months that interest among managers is picking up again.

Roger Ward of ASTMS belleves a number of factors will continue to push managers into unions, including the desire for collective bargaining on pay, and companies' tendency to expose lina managers to greater risk and pressure by putting more responsibility on their shoulders.

The shift in the TUC's power towards white-collar unions, and its attempt to broaden its appeal may have an effect. Ironically, say some, managers may be more prepared to join up if Tom King, Employment Secretary, can demonstrate he bas the unions' political activities in check.

Huge obstacles remain in Europe

EUROPE'S trade unions have made considerable progress over the past decade in recruiting the expanding class of managers and professional staff in the face of hostility from many employers. This provided membership growth at a time when employment in traditional areas was falling, and reinforced unions' stature as representatives of a wide spectrum of the workforce.

But huge obstacles remain. Union membership among managers and professionals in most countries is nothing like as high as the 70 per cent estimated in Sweden, with its large public sector and long years of socialist rule.

Senior staff in many countries are put off by the historical distrust and antagonism shown towards them by some manual workers' unions, which push for reduced pay differentials and less of a special status for managers.

This deepens the split which has emerged between the main national union centres (which want to represent managers alongside blue- and white-collar workers), and independent, non-political federations which want to give them an autonomous voice.

Independent managerial federations in Denmark, France, Italy, Belgium, Britain, the Netherlands and West Germany are linked by the Confederation Internationale des Cadres (CIC), based in Brussels and Paris. Some of its affiliates have poor relations with those of the Brussels-based European Trades Union Confederation (ETUC).

"We know the reason why. The ETUC affiliates would like to have all the managers and professional employees in their unions. What they cannot accept is that even now the vast majority of this class of employee is not in any union whatsoever and is not going to be so long as politics is played," claims Wilfred Aspinall, vice-president of CIC and director of its UK member, the Managerial, Professional and Staff Liaison Group.

Unions see many of the independent associations as exclusive in philosophy, prejudicial to tha solidarity of the workforce, unabla to represent their members adequately, and encouraged by employers hostile to genuine trade unionism—though occasionally, unions refer to them as useful first steps towards full union organisation.

The big Italian unions are being challenged by small rivals such as the 4,000-member Sinqnadri whicb seek to represent middle managers and accuse the unions of having been instrumental in reducing differentials.

In France, tha politically neutral, non-militant Confederation Generale des Cadres packs more national clout than some similar organisations in other countries. Although the three big union centres regard it as only a transitional stage to collective representation, it comes top in elections for managerial representatives on industrial tribunals and works committees.

In Belgium, where the majority of professional and managerial staff are still not union members, the three ETUC affiliates attack employers for encouraging independent organisations. However, they claim that the influence of one main rival, the CNC managerial association, is declining.

The Netherlands' professional organisation, the 125,000-member MHP, is represented on the country's Economic and Social Council. Its growth was assisted by managers' dislike for policies pursued by the traditional unions in the 1970s for income redistribution in favour of the lower-paid.

TECHNOLOGY

EDITED BY ALAN CANE

TOMORROW'S CAR ENGINES WILL USE NEW MATERIALS TO REPLACE METAL COMPONENTS

Ceramics move into the firing line

BY ALAN CANE

SUDDENLY, CERAMICS are in the news. In the U.S., Du Pont and Toyota announce plans to develop conoecting rods of aluminium strengthened with Du Pont ceramic fibre. In Japan, car manufacturers continue to work towards the "ceramic engine" in which many of the parts conventionally fabricated in metal are replaced by ceramic.

And in the UK, Lucas Cookson Syalon, a joint venture of Lucas Industries and the Cookson Group, announces it is mass producing Syalon, one of the most promising of the new materials (see the FT, November 3).

There are a number of reasons. First, many conventional metal engineering alloys are reaching the limit of their design life. This week, for example it was suggested that an aero engine which today runs at 1050°C could be run at 1350°C with the concomitant advantages that it would use less of a cheaper fuel and produce less pollution if ceramics were used for many of its internal components.

Second, ceramics being lighter than metals offer the possibility of high energy savings which is why the Japanese, putting resources into their "Moonlight" energy saving programme, are excited by the possibility of ceramic motor vehicle engines.

So a company like Isuzu, a Japanese firm partly owned by General Motors, reckons to cut fuel consumption in the ceramic engine it has built by nearly 50 per cent compared with conventional engines.

But engine components are only one use for a material which seems likely to have a profound influence on engineering practice in the years to come. In the UK, the raw materials for Syalon are being manufactured by Anzon, a powder manufacturer which is part of the Cookson group. Anzoo points out: "Most demanding applications currently requiring sophisticated metal products can potentially use Syalon ceramics. If the component or part has to withstand high temperatures, experience thermal shock or exhibit great strength or wear properties in adverse conditions, then it may be practical to use Syalon ceramic."

In Japan, car manufacturers continue to work towards the "ceramic engine" in which many of the parts conventionally fabricated in metal are replaced by ceramic.

So the immediate uses for Syaloo include metal cutting—Kennametal of the U.S. and Sandvik of Sweden have taken out licences to develop machine tool cutting inserts in Syalon, parts conventionally fabricated in tungsten carbide.

According to Anzon: "Syalon ceramic inserts will cut difficult materials such as iron and super alloys at high speeds with large depths of cut and provide very high rates of metal removal. The ceramic has the ability to withstand mechanical and thermal shock caused by interrupted cutting.

It can be used for wear parts like drawing dies, tube drawing mandrel plugs guide vanes and roll guide plates.

It can be used for welding gas shrouds and location devices for resistance welding machines. Weld locator pins made from Syalon, for example, have so far performed 7m welding operations without adverse effects while conventional metal pins last about 5,000 operations before thermal shock and flux spatter wear them out. As Mr Howard Poulson, a director of Lucas Cookson Syalon remarked wryly: "We won't get much repeat business there."

Some of the tests Syalon have been put to are becoming myths in their own right. Valve shims—circular ceramic plates—were fabricated in Syalon for a Volkswagen Golf and driven for 70,000 kilometres. At the end of the test, no wear could be detected.

Why should Lucas Cookson have the edge with this seemingly miraculous material? One answer is that ceramics—associated more commodly with bathrooms and pottery—are taking a long time to become established in the tradition-bound engineering world; Newcastle University where Syalon was developed, Lucas and Cookson have all believed in Syalon and its importance for nearly 20 years. In that time the preparation of these complex alloys has been transformed: "It used to be alchemy, but now it's loosely based on science" observes Dr Alan Rae, general manager of the technical ceramics division of Anzon.

Syalon is one of four ceramics which are likely to be important in the engineering of the 1990s; the others are silicon carbide, partially stabilised zirconium (PSD) and alumina.

The first useful engineering ceramic to be discovered was silicon nitride, which exhibits all the advantages of strength, wear resistance and lightness but is difficult and expensive to manufacture. At Newcastle University, Professor Kenneth Jack directed research which led to the discovery that silicon nitride alloyed with aluminium and oxygen resulted in a material that had the strength and wear attributes of the nitride coupled with better chemical stability and better high temperature capabilities.

The search for new and better ceramics goes on, helped by the fact that the raw materials are the most plentiful on earth.

Some 400 trial alloys later, Professor Jack and Dr John Lumby, now Lucas Cookson's senior technical specialist came up with the Syalon family. An uninteresting dull grey powder, Syalon can be shaped into components by conventional metal powder forming techniques including pressureless sintering; half prepared products can be "green" machined before sintering so avoiding the need for expensive diamond grinding afterwards.

The alloying process patented by Lucas involves mixing silicon nitride powder with aluminium oxide together with the special ingredients "polytype" and yttrium oxide: "the pixie dust that gives it the properties you want" as Alan Rae put it.

Syalon can be cold or warm formed prior to sintering using the normal shaping techniques used for oxide ceramics. These include isostatic pressing in wet and dry bag forms, uniaxial pressing and warm or cold extrusion. Injection moulding and slip casting can also be used.

After sintering, final machining involves diamond grinding and ultrasonic drilling. Laser cutting is possible, according to Anzon, but surface decomposition of the cut face means further diamond grinding. All of which means Syalon is a wonder alloy which behaves as if it was a conventional material.

The search for new and better ceramics goes on, helped by the fact that the raw materials are among the most plentiful substances on earth. Professor Jack says that clay and coal heated together in nitrogen gas will give a sialon that would be perfectly suitable for say, metal foundry implement linings.

INMOS COMPUTER DETAILS

Transputer—the universal machine

Inmos announced its "transputer" (transfer computer) earlier this week, over six years since Iann Barron began to talk publicly about the importance of the "computer-on-a-chip" as an essential component in tomorrow's electronics (see the FT, November 2).

The specifications of the first Inmos transputer, the IMS T424, fits well with Barron's vision of the ideal device.

It will be very fast, very easy to program and connect to other devices but with fewer instructions available to the programmer.

Speed will be assured by the fact that it will be a 32-bit device (able to process 32 individual bits of information simultaneously) running at 10m instructions a second (mips).

There are a number of 32-bit single chip microcomputers already in prospect or at the sampling stage—NCR, Hewlett-Packard and National Semiconductor have announced such chips, for example; but a single chip running at 10 mips would be significantly ahead of most of the competition. NatSemi's device, for example, is rated at 1.2 mips; the Intel 16-bit 286 at 1.0 mips.

This is achieved by a reduced instruction set. According to Mr Barron, although there will be fewer instructions available, there will be greater functionality: "This chip will be able to do more, different things."

There will be four thousand bytes (sets of eight bits) of memory on the chip and data will be exchanged between the memory and the processor at 80m bytes a second.

There will be a 32-bit multiplexed interface for mixed memory systems and direct addressing will extend to four gigabytes.

The most interesting feature of the transputer, however, is its ability to be connected easily to other devices. There is an 8-bit multiplexed interface for peripherals, running at four million bytes a second to industry standard devices.

There are also four special "Inmos Links" running at 1.5m bytes a second to other transputers.

Barron sees the transputer both as an essential component in conventional microelectronic circuitry and in systems where computation is carried out in parallel—essential for the next stage of machine intelligence or "Fifth Generation" computing systems.

The transputer is designed to be connected up in arrays and programmed using an Inmos language called "Occam" which allows for concurrent execution of instructions. For these very advanced systems, the transputer and the language have to be seen as part of the same environment.

The major question over the transputer is whether the electronics world will accept it as a component and whether customers for the more advanced concepts will be prepared to take on board the combined transputer/Occam package.

The transputer is not yet in production although prototypes running at 5m instructions a second—the S14—has been designed by Inmos' extremely advanced computer aided design system and taken through to the device stage. The first engineering samples of the IMS 424 will be available in 1985, Inmos says.

ALAN CANE

Communications

Building blocks for data

THE LIKELIHOOD of becoming "locked into" a particular kind of data communications network can be sharply reduced by a modular system put on the market by Networking Products, a Slough company recently set up by Networking Products Inc of North Carolina.

Called Components, the system offers a set of building blocks that enable the user to create a data communications network to meet his present needs. Later, however, he can with equal ease create a completely different network, simply by changing the modules.

The hardware modules determine what the system consists of—the number of ports (input/output connections), size of the nodes (points of interconnection in the network) and the network's overall shape. The software modules control what the system does—what protocols are deployed, what interconnections are made and the system's general capability.

Each hardware module has its own microprocessor and random access memory and units are available for RS232, VC35 and T1, allowing speeds between 50 and 2m baud over the network. More on 08677 4804.

ORGANISMS THAT SURVIVE HOSTILE CONDITIONS

The tough bugs

BY DAVID FISHLOCK, SCIENCE EDITOR

THE FORAYS of scientists funded by the Natural Environment Research Council (NERC), into unexplored parts of the planet—the earth's crust, the seabed, the ice shelves, for example—have encouraged the council to believe that it may have something important to contribute to industry in biotechnology.

They are discovering that micro-organisms can survive, even thrive, under remarkably hostile conditions of temperature and pressure, more akin to a chemical reactor than the cosseting conditions of a fermenter.

"They appear to have some rather peculiar properties," says Dr John Bowman secretary to the council. "Some may be very useful—in processes that don't yet exist." Cryo-preservation — long-term storage of living organisms at very low temperatures—is another goal.

NERC's plan, drawn up in consultation with other research councils and with the national committees supporting biotechnology, is to solicit industry's support for basic research on these prospective new biotechnologies, using either naturally hardy microbes or genetically engineered species into which specific resistance to physical abuse has been built.

NERC already has a biotechnology research base, mainly focused on two commercially important targets in forestry at present. One is cell and tissue culture of hardwoods. A "special topic" grant has been made to Aberdeen University for work in conjunction with Nottingham University—a national centre of plant tissue cultivation—and NERC's Institute of Terrestrial Ecology in Cambridge.

Aberdeen's aim is to avoid the difficulty of rooting cuttings taken from mature trees such as birch and alder, by developing tissue and cell culture methods for rapid propagation. It also aims for new genotypes through hybridisation and cell fusion.

Beyond this, the research group is seeking genetic manipulation of tree chromosomes with the idea of creating barder species of hardwood. Dr

They are discovering that micro-organisms can survive, even thrive, under remarkably hostile conditions of temperature and pressure, more akin to a chemical reactor than the cosseting conditions of a fermenter.

P. T. W. Saunders, NERC's director of life sciences, says one reason why it is moving into forestry is because the genetic manipulation of trees is trailing so far behind progress with other plants.

NERC's second biotechnology target is the control of forest pests by biological methods, using insect viruses to kill the pests. The attractions compared with chemical pesticides are that the weapon is incredibly specific, calling for quantities of agent thousands of times smaller, with commensurately less risk of contaminating the environment. But until the disease kills the pest—perhaps a week—it will continue to ravage the trees.

Dr Saunders believes it may be possible to get control of specific forest pests by insect virology for about 1 per cent of the cost of chemical pest control. But these are difficulties to be overcome in how to apply them efficiently and safely.

NERC's Institute of Virology in Oxford is studying the cricket paralysis virus, which turns out to be a strain of the deadly encephalomyocarditis virus which attacks the brains of man and animals. This is the first report of a pathogenic insect virus infecting vertebrate animals and has alerted NERC to the possible risks for man.

According to Dr Saunders, NERC has calculated that it must expect to spend about £60,000 on the health and safety aspects alone of any field experiment it plans to conduct using a natural virus to attack a forest pest. For a genetically engineered virus he believes the health and safety costs of the experiment must be much higher, hundreds of thousands of pounds.

An American proposal to conduct such an experiment under the auspices of the U.S. Department of Agriculture is currently held up by opponents who fear the consequences.

Networks

Office links to workstations

LANIER Business Products has developed a local area computer processing network for offices that can accommodate up to 4,000 workstations, including the IBM personal computer.

Known as System 5000, it can provide word processing, electronic filing, personal computing, electronic mail and management decision support. It allows instant access to information through graphics and colour displays and will provide project reports, calendars, budget analyses and similar aids.

Each station on the network can function alone but when attached to the network can exchange information with any other station and can use a remote batch processor to process data.

Stations are connected with coaxial cable carrying data at 1.25 million bits per second. More on 01-837 6400.

Ford, GM strengthen position in European car markets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE HIGH-POWERED performance of the two U.S. groups, Ford and General Motors, provided the major talking point in the European car markets during the first nine months of 1983.

Ford emerged as clear market leader thanks to a substantial rise in its own sales and a steep fall in those of Renault, the previous European champion.

Meanwhile, General Motors, using the Opel and Vauxhall badges, pushed its market share ahead by n arly two percentage points (see table) following a 24.9 per cent jump in total registrations in January-September this year compared with the same months of 1982.

The market shares are based on informed but unofficial estimates circulating within the industry which show that total European car sales in the nine months rose by 5.4 per cent, from 7,716,790 to 8,136,530.

Ford's move to top place has been assisted by the introduction of the Sierra to replace the 16-year-old Taunus / Cortina models. In the nine months Sierra took 3.8 per cent of total European car sales with 306,342 registrations. At the same time the Escort overtook the VW Golf as Europe's best-selling car. Escort in the first three-quarters of 1983 had 352,158 registrations for a 4.3 per cent market share.

The VW Golf, suffering because its planned replacement by a new model this autumn was well-known, dropped from 4.4 to 4.2 per cent.

GM's dramatic rise follows the group'a entry to o segment of the market in which it was previously not represented with the Opel Corsa/Vauxhall Nova, built in Spain.

EUROPEAN CAR MARKET SHARES

JANUARY-SEPTEMBER

	1982 %	1983 %
Ford	12.1	12.7
Renault	13.9	12.1
Fiat/Lancia	12.6	12.0
VW/Audi	12.2	12.0
Peugeot/Citroen/ Talbot	12.2	11.7
General Motors	9.5	11.3
BL	4.0	4.2
Mercedes	3.2	3.3
BMW	2.9	3.0
Volvo	1.9	2.1
Japanese	9.7	10.2

Fiat managed to improve car sales slightly in spite of an 8 per cent drop in the market in Italy where it sells nearly two-thirds of its output. The increase in volume was not enough to prevent a drop in Fiat's European share.

Renault blames its relatively poor performance on the fact that it is only part-way through a change in its models. Certainly the R18 medium-sized car has faded considerably while the R5, although still doing reasonably well, is getting old compared with most of its rivals.

The other French group, Peugeot - Citroen - Talbot, suffered from the impact of strikes at its plants near Paris and, in particular, from uncertainties surrounding the Talbot marque following the group's call for a 7,300—or 10 per cent—reduction in the Peugeot-Talbot labour force, mainly within the Talbot division.

2-litre power for Peking officials

By Alan Friedman in Rome

THE VISION of Chinese Communist Party officials driving around the streets of Peking in four-door Fiats may not be exactly what Mao Tse-tung had in mind, but this is precisely what is about to happen.

Fiat last night announced it had received an order from the Government of the People's Republic of China to provide 400 2-litre Argentas in a contract described as the first of its kind.

The order, which also provides Peking with technical assistance and apare parts for the cars, has come from China's State Import Agency.

A Fiat spokesman in Turin yesterday said the Agenta is a car normally driven by Italian businessmen (although a look around the streets of Milan or Rome suggests a marked preference for Alfa Romeos).

The fleet of Fiats is scheduled for shipment from the port of Genoa during the next few weks, to arrive ot Nanking before year end.

An Agenta normally costs just under US$10,000, but Fiat said yesterday it had given Peking a discount on the order.

Lorne Barling reports on how Lister is keeping ahead of its rivals

Diesels tailored for the Third World

LISTER DIESELS, of Britain, one of Europe's largest diesel engine manufacturers, is on the point of concluding a contract with Iran worth up to £18m for the supply of 6,000 engines. It will provide a timely bopst for the company's exports.

Demand for robust, reliable and uncomplicated engines, remain high in developing countries, where they are used mainly for powering pumps, generators and other continuous use equipment. However, debt problems have affected sales in the past two years, and this order is one of the largest for some time.

Discussions on the deal started in April, when two Lister engines were identified as being well-suited to the requirements of a major agricultural and irrigation project, the company said.

Exports

The contract will involve about 1,000 larger Lister engines, manufactured at its Dursley, Gloucestershire, beadquarters, and about 5,000 eight hp engines which will be made at its Cinderford plant, wbere an increase in the work force is likely.

Lister exports about 80 per cent of its output, either directly or in equipment it powers, and the company bas recently launched two new engines following a £30m investment programme over the past five years.

Much of this investment has been aimed at the design of even more easy-to-maintain engines, which bave fewer parts and are, therefore, easier to manufacture with the aid of the latest automated systems.

"We are investing to stay ahead of our competitors and to meet the demands of the market in terms of economy of operation, including fuel, servicing, oil changes and component life," a company official said.

He added that Lister had not suffered as badly aa other companies during the recession, since a high proportion of its engines were used for pumping and agricultural purposes, for which demand had been fairly stable. Output at its factories was now about 15 per cent above the lowest point of the past two years.

The Middle East r emained one of the strongest export markets among the 145 countries supplied by Lister, while demand in Africa and North America was relatively buoyant.

Much of the company's recent investment bas gone into new machine tools and flexible manufacturing systems, while the number of engine models bas been reduced to simplify prodoction. However, product range bas been maintained by offering more accessories for different engine applications.

The consistent reliability of Lister engines since their introduction in the early 1930s is nevertheless regarded as being of paramount importance.

For that reason, mucb of the investment has been aimed at ensuring that faster production is not at the expense of quality. Around £5m bas been invested in tha new T series engines, which are being prodnced at Swindon, in Wiltshire.

These are two- and three-cylinder, air-cooled engines covering power ranges of 12 to 36 bbp and 15 to 45 bbp, with much reduced power to size and weight ratios. One of the versions is claimed to have a 48 per cent size advantage over its nearest rival.

This has particular benefits for use in equipment such as excavators, rougb terrain vehicles, and compressors, since they can be made more compact and reduce manufacturing costs, Lister said.

The new TS engine is said to offer 9 per cent lower fuel consumption than the Lister engine it is replacing, wbile oil changes only need to be made every 250 hours. "In countriea where availability of fuel and frequency of attention are limited, these factors are extremely important," the official said, adding that contracts in whicb aid agencies were involved often included requirements of this kind.

Modified

The new engines, now being produced at full capacity at Swindon, are being launched worldwide through the company's much-valued distribution network.

They will be followed by a number of other modified and newly designed engines, which Lister is producing with the aid of computer-aided design and manufacturing facilities, robotics and CNC machining centres.

Altbough aluminium and other light-weight materials are being used on new versions, heavy investment has heen made to ensure their strength. A new foundry complex at Dursley has recently been completed, with a capacity of 20,000 tonnes of precision castings a year.

Turkey committed to three N-plants

By Our Ankara Correspondent

TURKEY'S President, Mr Kenan Evren, yesterday committed the country to a $2.6bn spending programme on nuclear energy, but gave no precise details of wbat the Government intended.

There was some surprise that the President should have committed the in-coming Government to be elected in Sunday's general elections to such a large speoding project.

President Evren said that U.S., Canadian and German companies would build three nuclear power plants in Turkey. Negotiations with all three would go ahead in the near future and construction would begin in 1984.

AECL of Canada, General Electric of the U.S., and Kraftwerk Union of Germany are currently bidding for wbat bad been assumed to be a single tender for one nuclear atation at Akkuyu.

AECL bas proposed a 635 MW station at a cost of $900m. GE's bid was for a 1,220 MW plant costing over $1bn.

KWU has offered a 990 MW light water reactor plant at a cost of DM 2.3bn. All three yesterday said that they were surprised by the President's remarks and had no exact knowledge what the Government had in mind.

Californian dairy order won by Danes

By Hilary Barnes in Copenhagen

THE DANISH dairy equipment manufacturer, Pasilac, has won a Kr 300m ($32m) order to supply processing equipment for a dairy near Los Angeles, California. The dairy will be one of the largest in the world with capacity to process a million litres of milk a day.

The complete dairy project will cost Kr 700m ($75m) and it will be financed in its entirety by a Danish limited partnership (Kommanditselskab), which will own the dairy and lease it back for 15 years to the company which is building the plant. Mr David E. Griswold's Protein Technology.

The dairy will be operated under a management contract with Express Dairy Food of Ireland.

It will produce 4m kilogrammes of cheese, 2.5m kg of butter, 2.5m kg of protein powder and 9m kg of alcohol a year.

Pasilac, one of the world's leading companies in the field of membrane filtration technology, won the contract in competiton with Sweden's Alfa-Laval and an American company.

The unusual financing arrangement played a crucial role in making the Danish offer competitive, according to Mr Flemming Ralk, managing director of the investment partnership Dansk Investeringsfond (Disko).

Disko will sell partnerships of Kr 50,000 each in the project to Danish investors to raise the necessary copital to finance construction of the dairy. The partnerships are an attractive investment for tax reasons.

The investment enables individuals to utilise depreciation write-offs against income tax in the same way that a company writes off depreciation costs. The tax deduction means that the investors' cash flow in the first years of the investment is improved, though later he has to pay tax on the profits from the venture.

There will be virtually no exchange rate risk as the construction will be financed primarily with dollar loans and portnerships income will also be in dollars

Malaysia seeks boost in textiles exports

By Wong Sulong in Kuala Lumpur

MALAYSIA HAS set a target of 1bn ringgit (£286m) in textile exports for this year.

Tengku Rithauddeen, Minister of Trade and Industry, who set the target, said last year, Malaysian textile exports were worth 820m ringgit and the figure for the first balf of this year was 433m ringgit.

He said the 1bn ringgit target could be achieved because of better global economic prospects and if Malaysian exporters made full use of their quotas and diversified into less sensitive items.

Tengku Rithauddeen, who was launching the tenth anniversary celebrations of the Malaysian Textile Manufacturers Association yesterday, also criticised the U.S. for favouring China in its textile agreement, and said Malaysia would demand similar access in renegotiation talks with the U.S. next year.

He said Malaysia felt "short-changed" by the U.S. into signing a four-year textile agreement which expires in 1984.

Noting that China would become an increasingly strong competitor to Malaysia in the years to come, Tengku Rithauddeen also urged Malaysian textile manufacturers to seek new markets, particularly in the Middle East and Japan.

He said the textile industry accounted for 12 per cent of Malaysia's exports and 18 per cent of its industrial workforce of 870,000.

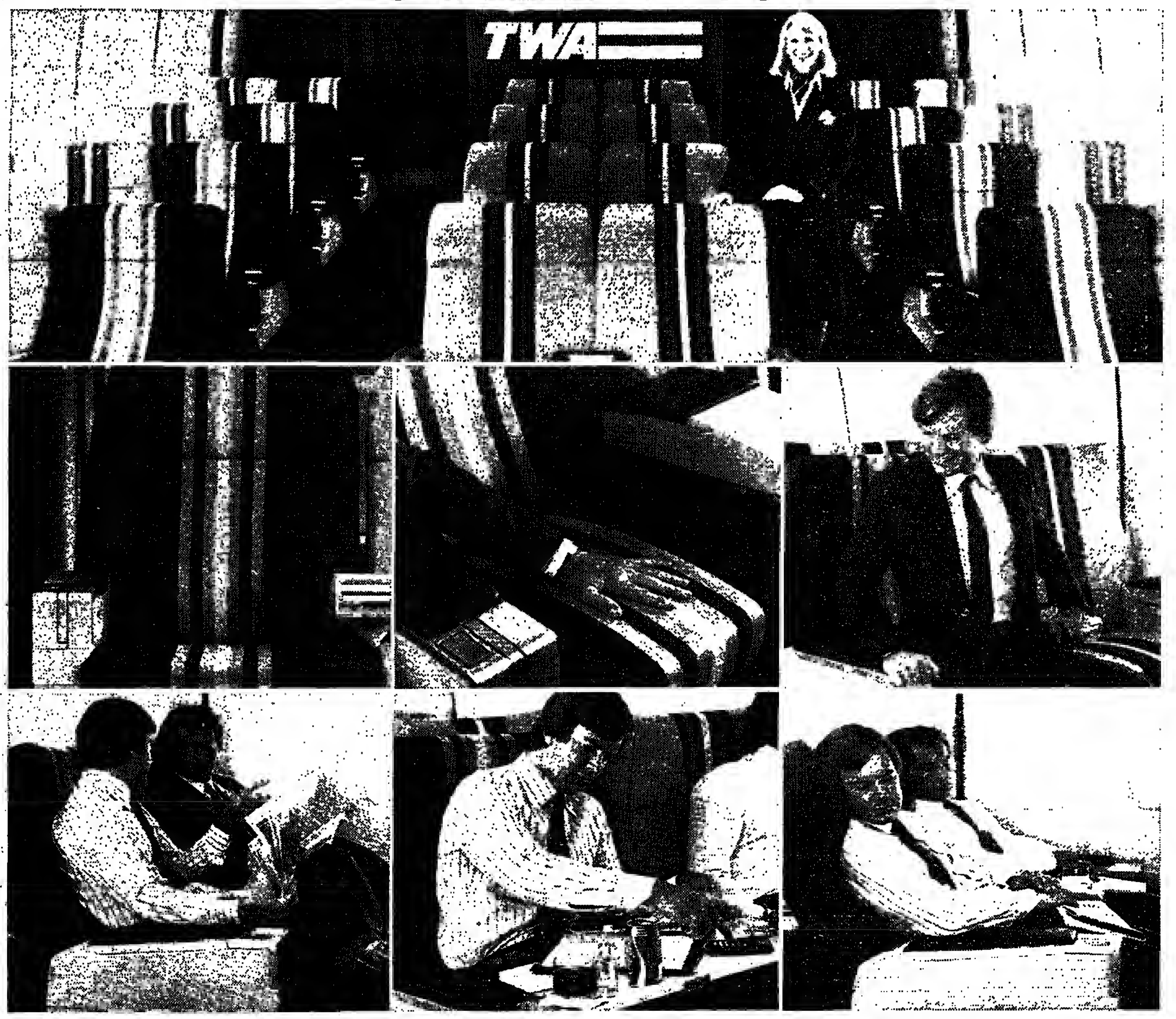
● Marubeni Corporation and Sumitomo Electric Industries have won a Y63.60bn (£180m) order for a telephone network from Malaysia, Reuter reports from Tokyo.

The order is from the telecommunications ministry (Jabatan Telecom Malaysia) through a joint company set up in Malaysia by Marubeni, Sumitomo Electric and Supra, a Malaysian investment company.

Metal Box in Syria

The first Syrian factory for filling soft drink cans is being built at the northern port of Latakia with help from Metal Box, the UK packaging company, which will provide 65 per cent of the equipment, Maurice Samuelson reports.

It will end Syria's reliance on imports of canned soft drinks. Empty two-piece cans will be shipped from Italy and the filling operation is expected to begin next summer.



Tebbit is brought in to revive dialogue with trade unions

BY JOHN LLOYD, INDUSTRIAL EDITOR

Tebbit: praise for unions

THE TRADES Union Congress (TUC) is to meet its old adversary, Mr Norman Tebbit, the Trade and Industry Secretary for talks later this month. Discussions are expected to range widely over the whole field of industrial policy.

Plans for the meeting are an indication of the marked shift in the Government's attitude towards the unions, and might lead to a resumption of the former regular contacts between the Industry Department and the TUC. Those broke down after the Labour government lost office in 1979.

The TUC, whose team will include Mr Len Murray, the general secretary, has sought the meeting for some time. It has list of subjects, such as regional policy, aerospace and shipbuilding, on which it wishes to establish a dialogue.

The Government appears anxious to be conciliatory towards the unions, and Mr Tebbit, who enjoyed a reputation as a scourge of the labour movement while he was Employment Secretary is seen to be the person for the job.

Earlier this week, Mr Tebbit emphasised his wish to make discussion on regional policy genuinely consultative, and he praised the TUC for its contribution to the debate on the subject.

At a meeting of the National Economic Development Council, he softened the tone of a paper presented under his name by refusing to talk – as his paper did – on the need for lower wages in depressed areas in order to assist employment.

Instead, he talked about the importance of unit labour costs, and distinguished those from lower wages.

Imports take 60% of British car market

By John Griffiths

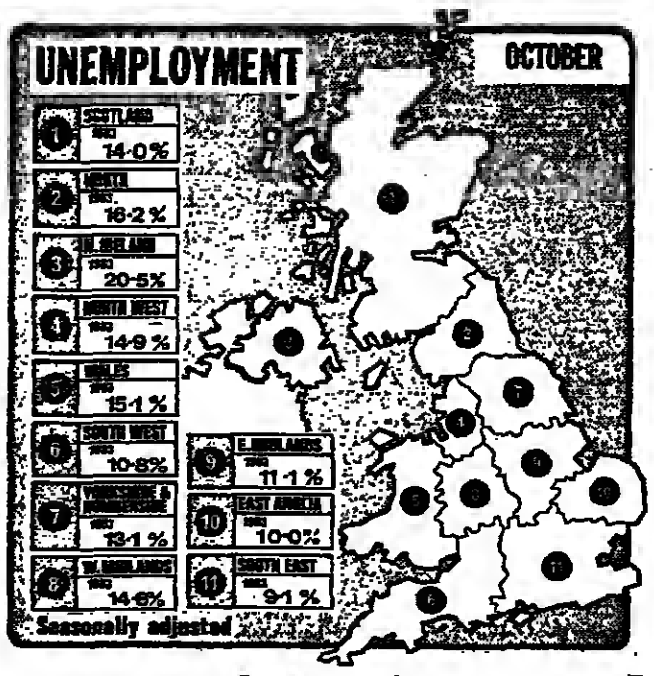
IMPORTS took over 60 per cent of the UK new car market last month, with Datsun and VW/Audi taking record marked shares.

Statistics, due later this week from the Society of Motor Manufacturers and Traders, are expected to show that Datsun took just under 10 per cent of all new car sales in October, while Volkswagen's Polo model rose to fifth or sixth place in the list of top 10 best sellers.

Both Datsun and Volkswagen were offering 2 per cent financing on a customer sales incentive; but VW has strongly denied reports circulating widely in the industry that it had begun offering financial incentives to its dealers.

A VW spokesman said that while dealers could earn an extra margin over their normal official discount, the system operated on dealers reaching higher standards in areas such as after-sales service, as well as exceeding sales targets set on an annual basis. The system, said VW, had been operating for some years.

VW has launched its campaign on the Polo to tide over dealers during the run down of stocks of the current Golf model, before its successor goes on sale early next year.



Jobless fall widespread

LAST MONTH's fall in unemployment to a seasonally adjusted total of 2.94m, excluding school leavers, was fairly widespread with only five regions showing a rise in the total number of out of work (see map above).

In the north-west of England, unemployment rose by a further 1,900, while there was an increase of 2,000 in the Greater London area.

The north-west already has a higher than average unemployment rate, with 14.9 per cent of the labour force out of work compared with a national average of 12.3 per cent.

Unemployment in Greater London, however, is still significantly below average at 9.4 per cent of the total labour force.

Yesterday's figures showed that 613,000 young people were taking part in special government employment and training schemes in September.

It is officially estimated that about 395,000 of those on special schemes would otherwise have been claiming unemployment benefit.

UK yards set to win £100m Swedish order

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is expected next week to announce its first merchant ship order for nearly six months, totalling about £100m for three sophisticated offshore vessels for a Swedish company.

The state-owned group, which has just offered its 60,000 workers a £7 a week productivity supplement to avert a threatened national strike, desperately needs new business to keep its merchant yards active.

The new order is likely to be placed by Stena Line of Gothenburg, which wants the multi-role support vessels, which will be ships rather than semi-submersible rigs, for use by its UK subsidiary in the British sector of the North Sea.

The contract will cover two firm orders for the vessels and one option. They will be operated under the British flag by Stena (UK), based in Aberdeen.

The vessels will be built on the Tyne, most likely at Sunderland Shipbuilders which has a modern covered facility called the Pallion yard.

The order represents the type of sophisticated, specialised ships that European companies are increasingly keen to build as Far Eastern competition for more standard, conventional vessels has intensified.

Mr Graham Day, the chairman of BS, said on Wednesday night after announcing the proposed productivity payments that next week should see announcement of an order. He declined to give details, saying: "I prefer the birds in the hand."

The productivity deal with the unions, which still has to be confirmed at local yard level, was seen by Mr Day as providing the right conditions under which the loss-making BS could go out and seek new business.

"Psychologically, when we are able to show shipowners what we will have achieved – in other words post-December 15 (by which time the deal has to be fully agreed) – they will be impressed with the spirit of the agreement."

He added: "I hope and believe it will give them confidence in BS." The agreement foresees increased job flexibility and changes in working practices aimed at lowering costs and raising efficiency to continental European levels.

The productivity payments are not guaranteed, but will depend on agreement at national and local level on the BS survival plan and implementation of more flexible working practices.

Where the required job flexibility, which BS wants in order to improve its competitiveness with foreign yards, is not delivered, the payments will be withdrawn.

Workers' ideas save £20m for Rover

By Arthur Smith, Midlands Correspondent

AUSTIN ROVER has identified ways it can cut costs by £20m through the work of its "think tank" teams of staff and shopfloor workers.

One team achieved cost savings worth £1.3m a year on the transmissions for the Mini and Metro models. Simply replacing a complex machined part with a standard bolt, for example, has saved more than £150,000 a year.

More than 50 teams have been charged with cutting production costs on existing car components, or improving design on new products.

While the use of such value analysis teams is growing in British industry, the state-owned volume cars company argues it is "unorthodox" in involving workers from the shopfloor.

Each team of six to eight people includes a manual worker to argue the case alongside specialists such as engineers, finance and design staff.

Mr Andy Barr, managing director, operations, maintains that "the brains on the shopfloor" have a valuable contribution to make in achieving cost-savings.

But he insists such moves do not represent any softening of the management's attitude to worker participation.

BCal seeks slice of British Airways in privatisation deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN Airways, (BCal) the large independent airline, has asked the Government to sell £200m worth of British Airways' routes and assets in order to ensure fair competition in UK civil aviation.

Behind the scheme is a fear – shared by other independent airlines – that if the Government sells British Airways to the private sector after writing off the airline's debts of more than £1bn, it would create a powerful, debt-free force that would threaten the existence of smaller operators.

Sir Adam Thomson, chairman of BCal, said that if that happened the airline would have no option but to quit its base et Gatwick Airport, near London, and transfer operations to the new Terminal Four at Heathrow (London), where it would be able to compete on a more equal footing with a privatised British Airways.

Sir Adam's scheme was put to the Government some weeks ago, first to Mr Tom King when Secretary for Transport, and more recently to the new Secretary of State, Mr Nicholas Ridley.

If adopted, it would have far-reaching implications. The scheme envisages BCal taking over certain BA routes on a fully commercial basis, and transferring them to Gatwick. The amount to be paid for such assets would be settled by an independent valuation.

Sir Adam denied yesterday that the scheme constituted a "carve-up" of British Airways in advance of privatisation. He said it was designed to help ease the path of privatisation, and help create "a more vigorous and balanced UK air transport system for the 1980s and 1990s."

Details of the scheme are being circulated to other ministers, MPs and senior civil servants, the Civil Aviation Authority, the British Airports Authority and other interested bodies.

Sir Adam claimed that the scheme would help to reduce the cash burden on the taxpayer of privatisation by several hundred million pounds. The cash realised from the sale of a small but select part of the BA assets to other airlines would help to pay for writing off the state airlines' debts.

Ruling awaited in Mercury case

THE COURT of Appeal in London yesterday reserved judgement on the challenge by Mercury Communications to the High Court's refusal to order the Post Office Engineering Union to end its industrial action against the company.

Sir John Donaldson, Master of the Rolls, and his two fellow judges are expected to give their ruling next week, when the union will be holding its annual conference in Blackpool.

Whatever the Appeal Court decides the case is likely to go on to the House of Lords for a final ruling. The side which loses next week can be expected to petition the Law Lords for an early hearing.

● MR NEIL KINNOCK, the new Labour Party leader, plans to travel widely in the next 18 months to build up his international knowledge and experience. He wants to go to both the U.S. and the Soviet Union, as well as to Continental countries and many parts of the Third World.

● A NEW Coal Industry Bill, which will allow Britain's National Coal Board to lose op to £1bn e year has been presented to Parliament by the Government. The Energy Department has said that the industry is still expected to become profitable by the end of 1988. By March this year the Boards debt was £3.7bn.

● THE GOVERNMENT has received 45 applications for freeport status throughout the British Isles, Mr Barney Hayboe, Treasury Minister, told the House of Commons last night. Up to five experimental "tax haven" freeports are to be set up before the end of next year.

● MR PATRICK SHEEHY, chairman of BAT Industries, which this week bid £796m for Eagle Star, is to join the board of British Petroleum. BP also announced yesterday that Lord Inchcape will step down from the BP board at the end of this year, after more than 18 years as a director.

Fierce scramble to be first up in smoke

Mark Meredith on why a terrorist hanged over 370 years ago still means big business.

ABOUT a third of Mr John Baxter's work goes up in smoke.

The business also goes up with a woosh, a fizz, a bang or just occasionally a fizzle, in the most important night of the year for Britain's small pyrotechnics industry.

Mr Baxter, e former ICI manager, is managing director of Brocks Fireworks, a family firm and one of four companies competing fiercely for the £20m market of 100m firecrackers, rockets and sparklers which go off in thousands of backyard Guy Fawkes celebrations.

The event, commemorated annually by Britons with fireworks and bonfires is the Gunpowder Plot, when e group of parliamentary rebels attempted to destroy the Parliament building on November 5,1605, while King James I and his ministers were inside. Guy Fawkes, e soldier with the Spanish Army in the Netherlands, was recruited by the instigator of the plot, Robert Catesby. He was arrested after 20 barrels of gunpowder were discovered in the cellar under Parliament. He confessed under torture and was hanged.

The Brock family, which still owns the company, know the starting date for their business as an ancestor, John Brock, blew himself up on this day in 1720 at Clerkenwell, apparently in a product demonstration which went wrong.

Brocks is a modest collection of Nissen huts and well-bricked packing houses just outside the town of Sanquhar, in Dumfries, Galloway, Scotland.

About 120 workers, most of them seasonally employed women from the town, gingerly pack black powder, perchlorate, sulphurs and nitrates into cardboard tubes for the rockets. Powdered metals such as magnesium or even titanium are added for the spectacular bursts of colour.

This year some smart packaging designed by outside consultants Michael Peters and a new mini-shell fired like a mortar from a cardboard tube, vie for the attention of retailers and news agents in competition with Standard Fireworks of Huddersfield, Astra of Kent and Benwell of Derbyshire, the main competitors.

Many of the firework names, like "Devil among Thieves," "Mine of Jewels" and "Mine of Serpents," have been around for generations.

The name of the game is packaging and getting the right selection for even the small box of fireworks.

Mr Dennis Wilson has every boy's dream job, nipping out of his protected hut to light the fuses of another set of rockets.

He also tests flares, simulated machine gun fire or imitation ricocheting bullets for the military market, which accounts for two thirds of the Brocks' business.

However a development on the import side has disturbed the Fireworks Makers Guild of the industry.

A German rocket, skilfully engineered and made by machine instead of by hand has alarmed Brocks and the other producers.

The Sohni company has this year marketed a rocket made with plastic rather than cardboard components that apparently gives a breath-taking performance.

The costs of firecrackers and rockets do not justify this sort of expenditure, but it still has Brocks thinking about the engineering side of an operation

Defence budget dispute will go to full Cabinet

BY PETER RIDDELL, POLITICAL EDITOR

A DISPUTE over next year's defence expenditure will have to be resolved by tha full Cabinet in a week's time after a stalemate within the Cabinet committee under Lord Whitelaw, wbich is reviewing spending plans.

Mr Michael Heseltine, the Defence Secretary, is resisting the Treasury's attempt to roll forward into 1984–85 the £240m cut in this year's defence expenditure which was announced in July.

A reduction in expenditure in both years would still enahle the Government to say that it was honouring the commitment to the Nato target of a 3 per cent annual growth in real terms. In addition, the Ministry of Defence is seeking additional money on previously planned levels, leaving an overall gap of between £300m and £400m above the Treasury target.

Michael Heseltine

Neither Mr Heseltine nor Mr Peter Rees, Chief Secretary to the Treasury, has so far been willing to compromise. The issue will, therefore, have to be decided by the Cabinet next Thursday, and the present signs are that Mr Heseltine faces a difficult task in winning support, especially as his colleagues have agreed to hold down their programmes.

The autumn economic statement in the House of Commons is expected in two to three weeks' time and will include not only the broad spending totals for next year hut also new economic forecasts.

Defence spending has proved to be the most intractable item being considered by the Cahinet committee of senior ministers which was set up a fortnight ago to narrow the differences still remaining after hilateral discussions between Mr Rees and spending ministers.

The gap then was well under £1hn compared with an original excess of £2.5bn above the existing target of £126.4hn for 1984-85. Differences over the social security budget appear to have been resolved, and expenditure on the National Health Service is likely to be maintained at previous target levels.

Social security benefits are likely to remain inflation-proof, although details of the November 1984 uprating will not be decided until the spring budget. There may be some cuts in the eligibility for benefits at the *margin. Any increase in child* benefit which is not covered by inflation-proofing pledges, will not be clear until the spring.

Overall, the Treasury is confident that total spending will be within existing targets for 1984-85, even though this may involve some adjustment of assumptions.

Some ministers argue that the Treasury has been unduly gloomy about the fiscal outlook in order to get the Cabinet to agree tight controls on spending. They argue that the puhlic sector borrowing prospects are not nearly as bad as indicated hy the high figure for the first half of 1983-84.

UK engineering industry set for computer surge

BY RAYMOND SNODDY

THE UK engineering industry is planning to spend £500m on computers for design and manufacturing next year despite the recession, according to a survey.

If plans are turned into orders it could mean that the British engineering industry is about to spend more nn computers during the next two years than it has in the past 30.

Detailed inquiries at more than 2,000 engineering plants suggest that the UK may be rapidly overcoming any lag in using computers for manufacturing, compared with international competitors.

The survey, which had a response rate of 71 per cent, was carried out by Engineering Computers magazine. It found that more than 15,000 computers were already in use for design or manufacturing. Computers used solely for administrative, personnel or accounting purposes were excluded.

Around 62 per cent of the installed computers are desk-top microcomputers, 30 per cent minicomputers and 8 per cent mainframes.

Commodore, with 1,550 installed machines, leads in terms of numbers, although IBM's 1,489 installations represent much higher value. Digital Equipment Corporation (DEC) comes next with 1,384 installations – followed by Apple, Hewlett-Packard, ICL and Olivetti. Seventy-three other hardware manufacturers have equipment installed in the UK engineering industry.

Next year, according to the survey, to be puhlished later this month, 555 more DEC machines are likely to be installed, 406 IBMs and 354 Hewlett-Packard.

ACT's all-British 16-bit Sirius will seriously challenge Apple and Commodore in the microcomputer field.

In terms of numbers of machines, DEC is likely to displace IBM in first place in the engineering industry.

Of the £500m which companies say they plan to spend, £400m will be on hardware, the rest on software.

Mr David Potts, editor of Engineering Computers, said yesterday that major computer manufacturers said privately that the survey figures tallied with their own research and that computers foi manufacturing appeared to be a major growth area in the UK.

Overall, 37 per cent of UK engineering plants are already using or are about to use computers for design and manufacturing. Many more are actively thinking about it.

This includes almost 90 per cent of plants employing 1,000 or more people, two thirds of those with 200 to 500 people and a sixth of all plants employing fewer than 20.

HARDWARE – THE TOP TEN SUPPLIERS

	Number of computers currently installed	Number of computers to be installed in next 12 months	Position next year		Number of computers currently installed	Number of computers to be installed in next 12 months	Position next year
1	Commodore 1,550	DEC 555	DEC 1,939	6	ICL 730	Commodore 282	ICL 1,023
2	IBM 1,489	IBM 406	IBM 1,895	7	Olivetti 329	Apple 220	ACT Sirius 533
3	DEC 1,384	Hewlett-Packard 354	Commodore 1,812	8	Ferranti 325	Xerox 172	Xerox 434
4	Apple 1,229	ACT Sirius 294	Apple 1,449	9	Data General 322	Prime 115	Olivetti 387
5	Hewlett-Packard 928	ICL 293	Hewlett-Packard 1,282	10	Prime 263	Fortune 112	Data General 384

ICL faces fair trading inquiry

By David Churchill, Consumer Affairs Correspondent

THE OFFICE of Fair Trading is investigating complaints that ICL, the major British computer manufacturer, may he carrying out anticompetitive trading practices.

These complaints, made by small companies in the computer industry, are similor to other criticisms of ICL made in 1980 to the OFT. At that time, ICL agreed to change some of its commercial practices following discussions with the OFT.

One of the latest complaints comes from a company called DPCE which acts as a "third party" in computer equipment maintenance. It is understood to have complained to the OFT that ICL is restricting its ability to maintain ICL computer equipmeot.

An ICL spokesman was yesterday unable to comment on the allegations.

The OFT, however, confirmed it had received a complaint about anti-competitive trading practice in the computer industry. It is likely that OFT officials will discuss the complaint with ICL to see if any changes can be made to help overcome the small companies' ohjections.

Space platforms for TV probable 'within a decade'

BY RAYMOND SNODDY

SPACE PLATFORMS whose size would be measured in kilometres rather than metres could be transmitting television pictures to large areas of the earth hy the end of the decade, a U.S. high-technology specialist said last night.

Dr Delbert Smith told the Royal Television Society in London that single-purpose satellites were the fulfilment of an early technological dream. Space platforms would make it a reality during the 1980s.

Platforms constructed in space from equipment taken into orbit by the Space Shuttle would greatly cut the cost of satellite delivery of television pictures. They would be large enough to handle the needs of many nations.

Unlike individual satellites, which bave a design life of around 10 years, tbe life of a space platform would be open-ended, Dr Smith, a lawyer, said in the Shoenberg Memorial Lecture.

Manned or automated vehicles could carry out periodic and emergency repairs and bring on hoard new payloads or modules.

"By combining the capacities of many satellites on a single structure, space platforms represent a means of avoiding the rapidly approaching prohlem of orhital saturation," said Dr Smith, a former senior vice-president of Communications Satellite Corporation (Comsat).

A West European space platform could, for instance, give television viewers and terrestrial distributors a much wider choice of programmes. In the case of commercially supported regional programming, advertisements would either be omitted or "imbedded" in the programme format.

Use of space platforms would be covered by the constraints of international law. But debates at the board of governors of the International Telecommunication Satellite Organisation (Intelsat) recently seemed to suggest that use of a space platform for television would be seen as being for "its domestic telecommunications requirements."

Dramatic technological changes would cause dramatic shifts in television delivery systems that were only now beginning, Dr Smitb argued.

Not only would there be a dramatic expansion in teleservices, hut national regulation of television and attempts to maintain programme standards would be replaced, to some extent, by regional and global standards

Labour sharpens attack on health service cuts

BY OUR POLITICAL EDITOR

THE LABOUR Party yesterday launched a nationwide campaign against cuts in the National Health Service, with the aim of gaining support from people not committed to the party. Mr Michael Meacher, the party's new health and social security spokesman, said yesterday that extraparliamentary action would be the arena since the party wanted to get nut to encourage thousands of people to protest against the Government's policies.

A main target will be NHS doctors and nurses, as well as ancillary workers who are already members of the unions affiliated to the Labour Party.

The centrepiece of the campaign is Labour's Charter for the Health Service, which includes the aim of a 3 per cent real increase in the NHS budget per year and the abolition of charges to patients.

The campaign will involve petitions to oppose hospital closures, puhlic meetings and lobbying of local health authorities. In the foreword to the Charter, Mr Neil Kinnock, Labour's leader, appeals to people whatever their political preferences to defend the health service and so defend themselves and their families.

Total Transport to pay compensation

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TOTAL TRANSPORT Corporation was yesterday ordered hy the Commercial Court in London to pay about $800,000 to compensate a shipowner for losses suffered as a result of a cargo nf gas oil being delivered to a company that had not been entitled to it.

The largest item in the compensation, which included interest, was $345,777 earnings lost by the shipowner, A/S Hansen Tangen Rederi, when its ship, the Sagona, was arrested for two weeks.

Mr Justice Staughton said that Mediterranea Raffineria Siciliana Petroli shipped 28,872 tonnes of gas oil on the Sagona, which was on a time-charter to Tntal Transport Corporation, to be delivered to Rotterdam to an unspecified purchaser.

Subsequently, Total instructed the Sagona's master to deliver the gas oil to Mabanaft at Nordheim on the River Weser.

After the cargo had been discharged it was discovered that Mabanaft had not been entitled to it, although the company had contracted to buy it from another party in a string of purchasing contracts.

Mediterranea Raffineria Siciliana Petroli had the Sagona arrested and for a time Hansen feared that it might be held liable for the loss of the cargo, which was worth a vast sum. Hansen would probably have had no defence to such a claim.

In the event, the shipper was paid $3.6m hy another party. Hansen, however, had suffered considerahle losses in the affair, the judge said, and claimed to be entitled to be indemnified hy its charterer, Total.

The judge held that Total had caused Hansen's losses by ordering the cargo to be delivered to Mabanaft. The Sagona's master had followed normal practice and nothing had occurred that should have aroused his suspicions. Accordingly, Hansen was entitled to be indemnified hy Total. Total was granted a stay of execution of the nrder pending a possible appeal.

Platinum coin minted

BY CLIVE WOLMAN

THE FIRST platinum coin to be minted for 150 years, the Isle of Man Noble, was launched yesterday in several European countries by Ayrton Metals, the marketing subsidiary of Impala Platinum Holdings.

The one-ounce coin, which is minted with royal assent and will be legal tender in the Isle of Man, is designed to enable small investors to hold platinum in the same way that they can invest in gold by buying Krugerrand coins.

The production of coins should assist Impala in running down the large stockpiles of platinum it has built up during the recession as industrial demand slumped.

The coins may be purchased over the telephone or by post from Ayrton Metals in London. To avoid the payment of VAT, the coins may be bought in Jersey and held in the vaults of the merchant bank Charterhouse Japhet there.

Purchasers of less than 10 coins will be obliged to pay a premium of 6 per cent over the price of the metal. For larger purchases, the premium will be 4 per cent. Ayrton will also repurchase the metals at any time. Ayrton quoted a price of $393 for purchases of the coin yesterday.

Six weeks ago, the other major producer of platinum, Rustenburg Platinum, launched in the UK a range of platinum ingots, from ½ ounce to 10 ounces, also in a bid to tap the private investor market.

UK NEWS

Why the CBI is putting the emphasis on self-help

The CBI's seventh annual conference opens next week. **John Lloyd** reports that a key theme will be a call for a more enterprising Britain

Sir Terence Beckett . . . "managers want to show what they can do"

THE Confederation of British Industry, adapting the inaugural address of President Kennedy, is telling its members to aak not what their country can do for them, but what they can do for their country.

"The emphasis is on self-help," says Sir James Gleminson, chairman of Reckitt and Colman and of the CBI's economic situation committee. "We must review what we are doing and how we may improve before we go to Government and ask for help. A more eoterprising Britain that's the key."

It is also one of the main themes of the CBI's seventh annual conference, which opens in Glasgow on Monday. The bracing winds off the Clyde, tha old spirit of enterprise in Scotland's Victorian boomtown (later traditions of Red Clydeside will not be much in delegates' minds) will give the conference an independent vigour which is the message its leaders want to put across.

Sir Terence Beckett, the CBI director general, aees that spirit manifest everywhere. "Managers," be said last week, drawing on evidence of a survey of the breed, "are not whingeing and whining. The message is that they want to show what they can do."

The Government has encouraged this view as no other government of modern times. Its political practice remains, in many sectors, interventionist: but the ideological purity of its desire to quit the marketplace in favour of the entrepreneur and the manager retains its Keith Josephite stamp.

Much of this Government's concern has been, and still is, to ensure that it is concerned with less and less: the nanny state is no longer available to comfort and assist the businessman: it is Victorian values or—the Victorian penalty—the poorhouse.

But that is only part of it: the message is much more complex than that. Sir Terence, a man more given to reflection than many senior industrialists, admits: "There is a questioning of where we are going with a new government, a worry about strategy, about its medium and long term thinking."

He is likely to reflect that in his Monday speech to the conference: it is certainly reflected in the resolutions for debate—a record number, to be debated by a record number of delegates.

GBI officials think that the conference, the efficacy of which has always been questioned since it began in 1977, may prove itself in Glasgow: it may be doing so *because* the worries and questioning to which Sir Terence alludes impels the members north to inscribe their views into the record and, it is hoped, the minds of ministers.

In what does this confusion consist? In part it is a—growing, it would seem—tendency to put the bowl out to the Government and say: "Please, sir, I want some more."

The CBI's South-western regional council wants some more: its resolution to conference believes that "government should introduce more flexibla policies and, in particular, should stimulate increased infrastructural spending."

Mr John Gough, chairman of Kleen-E-Ze Holdings and a member of the regional council, says: "We agree inflation is public enemy number one, but Government is far too inflexible on the PSBR.

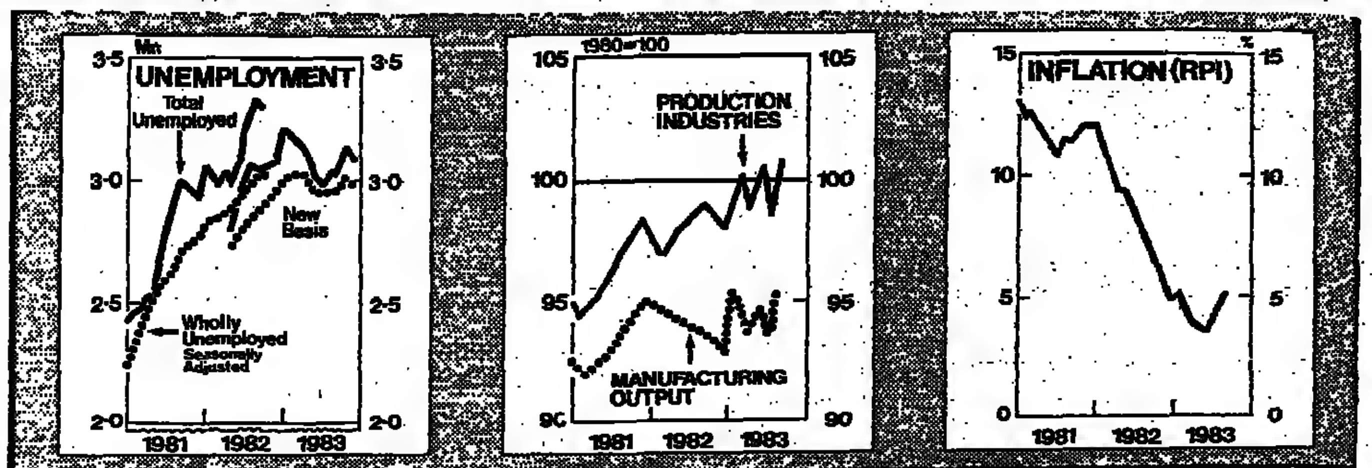
"We feel that even if it can't cut down further on current expenditure, there is still enough slack in the money markets to borrow without sending interest rates or inflation up again.

"I don't think the CBI should be afraid to speak up publicly on this—I think its been active behind the scenes — but we haven't given enough publicity to it."

The "slack in the system" point is pervasive among those in the CBI ranks who want a lighter touch on the brake.

An active member, chairman of a medium-sized engineering company in the north-east, says: "It would be of less risk to a government faced with the problem it has of covering public expenditure in the years ahead—given the demographic changes — to relax its anti-inflationary stance by 1-2-3 per cent and get that growth.

"If it did, I think it would find a lot of disinflationary things coming out of the woodwork — unit costs would go down as you got more volnme —there is enough of that not to mean higher inflation."



The recently-published CBI/British Institute of Management survey, "British Management and the Recession," showed—uncomfortably for the CBI's leaders—that a high proportion of the respondents thought that the Government "injecting more money into the economy" was a good idea—second only to reducing tha cost of capital.

Sir Terence, who took tha finding on the chin, said that there *was* a difference of view between leaders and members: the CBI was not for injecting any amounts of any old kind of money into the economy: it was for a careful expansion of capital spending on infrastructure.

"There is a substantial minority of members which opposes the CBI on this," says the northern engineering member. "It will be interesting to see what effect it has on policy in Glasgow."

Sir James Cleminson says: "There will be those who want more reflation. But what they mnst face up to is whather they want to see tha Government borrow more—they have to face up to that, and to the consequences of that. Uncertainty and doubt can feed on themselves and maka their own predictions come true."

The line, it is thought, will probably be held in Glasgow: but possibly at aome cost, and/or with some graceful bending here and there.

Sir Terence has been a consistent advocate of controlled extra expenditure, and the CBI's pronouncements and forecasts—as its industrial trends survey this week showed—have been careful to point up the patchiness of recovery and to point, now, to a slowing in its rate.

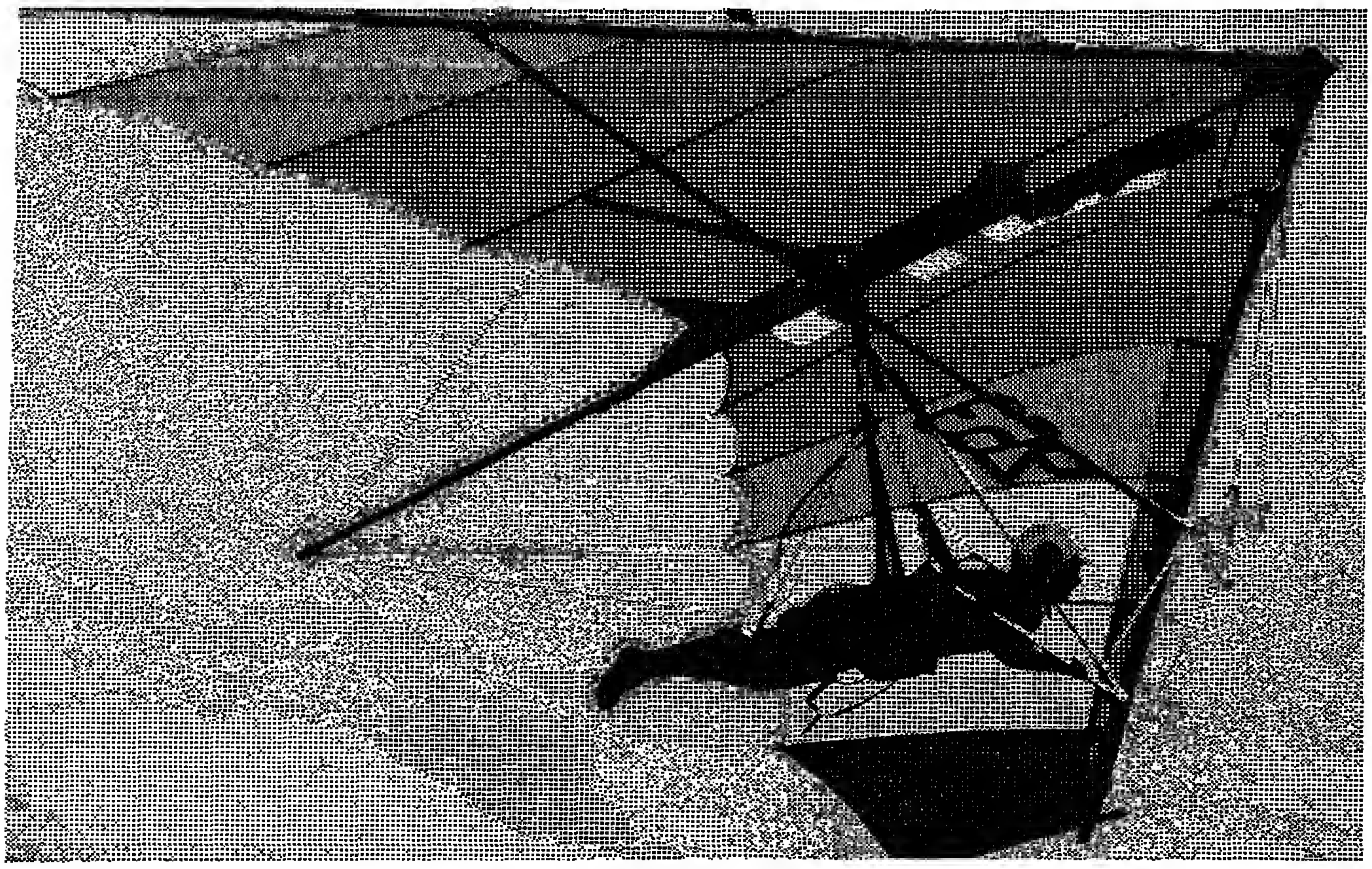
Ha cannot be convincingly represented as the Government's poodle: he may be edged towards taking on more of the aspect of the mastiff.

Government-CBI relations are close and good: the "bare knuckles" episode, still remembered, but rather irrelevant now, is regarded as an untypical blip. Of all tha pressure groups making demands on and putting facts to the Department of Trade and Industry, it is the most valued by far.

The department regards the confederation with some respect and sees Beckett as a candid friend—more candid in private, where he is said not to be afraid to speak his mind, more of a friend in public where he is careful to give support to the Government's overall strategy, while remaining critical of its perceived rigidities.

By contrast, the more overtly political, pro-government stance taken by the CBI's retiring president, Sir Campbell Fraser, chairman of Dunlop, is seen as excessive, pushing the CBI too far into a partisan position which could weaken it on a change of government and even as giving it unnecessary credibility problems with its own members and with its natural constituency of business opinion.

Take an (admittedly extreme) example: Mr Parry Mitchell is chairman of United Leasing, a recently-gone-public computer leasing company based in central London—ha was also Alliance candidate for Ealing in the last election. Naturally opposed to the Government, he equally naturally tends to see the CBI in the same light.



Unions wait for a call to talk

THE MAIN reason for the CBI is plainly to have a relationship with Government: it also used to be to have a relationship with organised labour. Now, that relationship is even more patchy than the recovery: it exists in tripartite form, like the National Economic Development Council and the Manpower Services Commission (bnt only in the latter does it amount to anything much): otherwise, the two staffs never walk the few hundred yards across New Oxford Street to exchange views.

For Mr David Lea, the TUC's assistant secretary, the fact that this is so is a paradox. The Government, he and his colleagues believe, is showing equivocal signs of pragmatism in such fields as employment law and regional policy (though remaining, in the TUC's view, hopelessly mired in ideology on privatisation): Why should the CBI remain more "ultra" than the Government in eschewing reasoned dialogue.

Mr Lea says: "Many employers were glad to see unions on the floor, and there was the view that profits could get up off the floor — where they were too — and leave the unions down there.

"But it's obvious we'll get up together, and that means we'll have to talk. The CBI may be ready for their members to tell them next week in Glasgow that they ahould do so.

CBI leaders may be waiting to be told to move, ha thinks, and to sort out problems nationally. No one is contemplating a high-level deal with the GBI — but, hy tha early months of 1984, tha TUC hopes it might be round a table and working again.

Mr Lea sees this happening through the medium of the NEC'a exercise on future jobs, the subject of the next Council meeting.

For the moment, his hopes don't seem to be reciprocated, certainly not publicly. Few members see the TUG as a prohlem to be dealt with—"we want a relationship with the TUC only when Labour'a the government, or has a chance of forming one," said one—and the senior CBI officials are cautious about predicting a return to the quarterly dinners and frequent informal contacts which the two sides enjoyed.

The CBI is far from adamant about it, and it can't "wait and see" forever: hut it won't move yet.

Yet where organised labour remains out in the cold, labour itself is in. Employee involvement is all the rage at the CBI this year, and a report based on a very extensive survey of members' practice in employee involvement will be launched to fanfares early next month.

The main message *from* it, says Mr Dick Price, the CBI's social affairs director, is "diversity among the companies in what they're doing, but great interest in it and commitment to it. The survey shows that it is growing enormously."

A recent Department of Employment/Policy Studies Institute survey backed up some of that, showing a great growth in consultative committees of the type thought to be Continental and unsuited to the UK.

But part of the CBI's pitch here is propagandist: to ward off unwanted legislation from the European Commission — legislation which seems certain to come.

Mr Price acknowledges the use which will be made of the findings, but points to the fact that they were made before the EEC directives were common knowledge: there are too many authentic statements in the responses for the change to be cosmetic, he said. He believes we are witnessing a sea-change in industrial relations, ona which is organic and thus has hopes of lasting.

Sir James Cleminson, chairman of the CBI's economic situation committee, says: "I think there's a better underatanding of the need to create wealth, provided we make sure we create that understanding."

The consistent theme of recent criticism of the CBI—not just from the TUC—has been that it has been insufficiently willing to criticise a government which, though it may think it better than any availabla alternative, has still given industry a rougher time than it deserved.

Glsagow will be a demonstration of how far that criticism has spread among the delegates —and bow far the leadership thinks it politic to respond to it.

APPOINTMENTS

Group chief executive for Glynwed

Sir Leslie Fletcher, chairman of GLYNWED INTERNATIONAL will relinquish his executive responsibilities on January 1. He will hand over to Mr Gareth Davies, deputy chairman and group managing director, who will become group chief exectitive. Sir Leslie, who will continne as chairman, was eerlier this year appointed a deputy chairman of the Standard Chartered Bank and chairman of the Standard Chartered Merchant Bank. Mr Davies joined Glynwed in 1957 and was appointed group managing director in 1980.

★

The Industry Secretary has appointed Mr Christopher Wates chairman of the ENGLISH INDUSTRIAL ESTATES CORP (EIEC) for a thrae-year term from November 19 when the present chairman Mr Geoffrey Robinson retires. Mr Wates has been a member of EIEC since August 1980. He is also the chief executive of Wates.

★

Mr Denys Henderson and Sir James Spooner have joined the main board of BARCLAYS BANK. Mr Henderson remains a director of Barclays Bank International and Sir James remains a director of Barclays Bank UK.

★

Mr Owee Green, managing director of BTR, and Mr Norman C. Ireland, financial director of BTR, have joined the board of CORNHILL INSURANCE. Mr Ireland takes over as Cornhill's chairman. The appointments result from the resignation of Cornhill directors, Mr D. W. G. Sawyer and Mr D. R. Payne, following BTR'e acquisition of Tillings.

★

Mr A. C. Little, managing director of Hammond and Champness, has been appointed chairman of THE NATIONAL ASSOCIATION OF LIFT MAKERS.

★

BURROUGHS Europe-Africa division, based in London, has appointed Mr Gunnar F. Hesse as director of marketing, e new post. The division has responsibility for all of Burroughs marketing activities in western and eastern Europe, the Middle East, and Africa. He was previously director of marketing, office information systems, for the international division of Sperry based in London.

★

SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY has appointed Mr A. J. Low as a director.

★

Two directors have been appointed to the board of PICKFORDS REMOVALS, part of the National Freight Consortium. Mr Brian Hardwidge, formerly personnel manager, is appointed personnel director, and Mr Douglas Chisholm, formerly general manager south-east, is appointed director and general manager. Mr Hardwidge joined Pickfords' personnel department in 1967 and Mr Chisholm joined Pickfords' Glasgow branch in 1957.

★

Mr John Earl Bobbitt has been appointed vice-president, international exploration, of CANADA NORTHWEST ENERGY. He will be based in tbe company's UK offices in London. Mr Bobbitt joined Caneda Northwest Energy in August to assist in international exploration and acquisition programmes. In July, Canada Northwest acquired a major interest in Marinex Petroleum, e UK company engaged in oil and gas exploration in onshore England, Spain, Ireland and the U.S. Mr Bobbitt was recently elected to the board of Marinex and was also appointed managing director.

★

Mr Harry Lomas has retired as operations director of A. KITCHEN-D. WALKER. He is succeeded by Mr G. E. Sanders, production director. The company is part of the John Brown machine tools division. Mr Lomas remains a consultant to the company, which he helped to found in 1959.

★

Mr Mark Lloyd-Price has been appointed a director of LOMBARD ODIER INTERNATIONAL PORTFOLIO MANAGEMENT and Mr Patrick Dempsey has been appointed an assistant director.

★

C. T. BOWRING & CO has appointed Mr B. R. E. Hibbert and Mr L. W. Hughes as directors. C. T. Bowring & Co (Insurance) has appointed Mr J. R. Fryer and Mr R. C. E. Wilson as directors.

★

GRANVILLE & CO has appointed Mr David Thavenot as an assistant director to be in charge of its new property services division. He was previously with Morgan Grenfell & Co.

★

The CO-OPERATIVE WHOLESALE SOCIETY has expanded the role of its chief accountant's group. The new chief accountant is Mr David Jackson, formerly CWS treasurer. The new group incorporates the functions of the former treasurer's group. Functions in the group include taxation, bureaux services, and internal audit.

★

SEASCOPE INSURANCE SERVICES has appointed Mr Christopher Goddard to the board. He will be responsible for the development of the company's credit and political risk insurance business.

★

Mr Abdul Rahim Aki and Mr Abdul Hamid Hussain have been appointed directors of TIN PUBLICATIONS. Mr George Gardiner and Mr Paul Newman have resigned from the board.

★

MIDLAND INDUSTRIES has appointed Mr Peter H. F. Burton as group chief executive and member of the main board. He has previously held management positions at Pressed Steel Fisher, BSA Precision Castings and BSA Guns.

★

Mr Morris Bisdee and Mr David L. Massie have joined SECURITY PACIFIC INTERNATIONAL LEASING (EUROPE) INC. Mr Bisdee joins as depnty controller to the regional management office which directs SPILE's Pan-European leasing operations and Mr Massie joins as vice-president —European marketing manager in the major assets group, specialising in manufacturer support programmes.

★

Mr Robin Thorne, a local director of BARCLAYS BANK'S London northern district, has been appointed a local director of Pall Mall district. Mr Philip Warner, senior manager at Barclays' Old Market Square, Nottingham, branch, bas been appointed a local director of London northern district. Mr David Lees, a local director of Barclays' Shrewsbury district, has been appointed senior local director there from February 18.

★

Sir Gordon Booth has been appointed a director of TRIDENT TELEVISION. He is already a director of Trident Casinos.

★

Mr Stewart M. Brown, managing director of Barry-Wehmiller, Altrincham, has been elected to the board of parent company BARRY-WEHMILLER ELECTRONICS INC, U.S., with the appointment as vice-president for European operations. He will combine this with his present post.

★

Mr A. G. C. Howland Jackson bas been appointed a director of GILL & DUFFUS GROUP. Mr Jeckson is chief executive of Clarkson Puckle the group's wholly owned Lloyd's insurance broking subsidiary.

★

Hamilton Life Assurance and Hamilton Insurance Company (members of the HOUSEHOLD INTERNATIONAL GROUP) have appointed Mr R. H. Headlee (president of Hamilton Life Insurance Company of America) as chairman and the following as directors: Mr C. W. Caldwell (deputy chairman) Mr P. A. de Chazal, Mr G. J. Downing, Mr G. E. Dunsdon (managing director and chief executive) Mr D. H. Maitland, Mr I. Martindale, Mr G. T. Simpson and Mr B. H. Weston.

★

Mr Colin Mitchell, formerly general manager, cargo, Britisb Airweys, has joined UNITED TRANSPORT COMPANY as a senior executive with special responsibilities for the Group's forwarding interests. United Transport is a member of the BET Group.

★

Mr Adrian Freakes has been appointed general manager and director and Mr Derek Edwards becomes sales director of TECHNOGRAPH MICROCIRCUITS. Mr Freakes joined the company in 1971 and Mr Edwards in 1958.

★

Mr H. Willoughby L. Jones bas been appointed to the board of CALOR GROUP. Ha has been with Calor (a wholly-owned subsidiary of Imperial Continental Gas Associetion) since 1971, and is group financial controller.

★

Mr Roy Exley bas been appointed chief executive of DAVY McKEE responsible for all minerals and metals operations in the UK. He was managing director of Davy McKee (Sheffield) where Mr Peter J. Newman succeeds him, with Mr John F. Hewins as general manager. Mr Roger T. Kingdon has been appointed chief executive of Davy McKee Teesside. He additionally has responsibility for the Davy McKee division of Davy South Africa. Mr Kingdon moves to Teessida from Herbert Morris, Loughborongh, where be is succeeded as managing director by Mr Peter W. Harrison.

★

Mr Mike Kingston has been appointed sales director of tha Penetone chemicals division of the KALON group. He was with Dlversey as business group manager.

★

Mr R. A. L. Phipps bas been appointed chief executive of MACWALL ESTATES, a property development company jointly owned by London and Edinburgh Trust and Tarmac Construction. Mr Phipps was previously a main board director of Slongh Estates in charge of its development programme.

INTERNATIONAL OFFICE EQUIPMENT

William Dawkins on the resilience of the conventional office equipment market

Americans join the battle for Europe

A BATTLE royal for supremacy in Europe's market for conventional office equipment shows no signs of abating.

The latest skirmish, tha agreed £15m bid by Acco World Corporation of the U.S. for Twinlock, the UK market leader in filing and loose-leaf products, is a prime example of how major U.S. office equipment suppliers are jostling for position on the European stage.

Faced with problems of expansion in a mature market for traditional supplies in the U.S., thay have preferred instead to take over their smaller European counterparts, some of which have positively welcomed these transatlantic overtures.

Such acquisitions—the Acco-Twinlock deal is at least the third in recent years—are the most cost effective way for U.S. office equipment giants to gain access to European distribution oetworks which they would find hard to tap independently.

The trade is dominated by a fragmented collection of dealers, who tend to be fiercely loyal to the producers with whom they bave done business for years. So Acco and others have taken over producers at least partly to get to the dealers' cootracts.

"The main benefit of the deal is that it gives us better European distribution," says Mr Michael Hindmarch, director of finance and administration for Acco Europe.

The group, which makes storage equipment and paper fastening devices, has five subsidiaries in Europe—not including Twinlock—accounting for a fifth of group sales of $104m. Group profits last year were $21.1m.

Twinlock, one third of whose sales of £31.5m last year were outside the UK, was glad to accept because it lacked the financial resources to take advantage of the European and U.S. marketing opportunities which Acco could offer.

At the same time, Acco needed a European toehold for its high technology office products. "Both of us have a background of longstanding product lines which gives us a good basis for expansion into computer-related products in Europe," says Mr Hindmarch.

That market is growing at a vigorous 20 per cent annually, according tn industry estimates, but the expansion is from a very small base. "So the activity at the computer end is really putting on bread and butter for 20 years bence," he explains.

Indeed, one of Europe's chief attractions for companies like Acco is the resilience of its market for the conventional supplies, whicb have been the backbone nf their product strategy until recently.

Only two years ago, it seemed that the traditional market was to be bulldozed asida by tha apparently relentless march of the microcomputer into offices evarywhere.

Yet the advent of the paperless office, for which so many suppliers have prepared by diversifying into electronic products, seems mnch further off than even the most conservative among them had imagined.

Far from making paper reports and the equipment needed to store them redundant, business computers have been churning out an avalanche of paperwork. If anything, they have intensified the need for conventional prodncts like filing cabinets and binders.

At the same time, many executives and office workers are insisting on a paper back-up because they distrust electronic storage on disks and cassettes.

"Old habits die hard," says Mr George Goode, Twinlock's chief executive. "'Thank God for hard copy is still a widespread sentiment."

Meanwhile, the increasing cheapness and efficiency of photocopiers has added to the paper avalancbe in Europe.

According to industry estimates, Europe's photocopiers spat out a combined total of 165bn sbeets of paper in the past year, whila non-photocopying office printing machines produced e similar figure.

All this has had a major knock-on effect on office supply sales. "It's a major factor in that market's expansion," says Mr Jack Summerscale of stockbrokers De Zoete & Bevan.

There are no official industry-wide figures for European office supplies, but the consensus among observers is that conventional products represent a turnover of around £120m and that the market is growing at about 5 per cent a year.

"Even if only a quarter of all the copies produced ends up in a filing cabinet, quite a lot of space needs to be found," says Mr Summerscale.

To take one example, the National Westminster Bank bought 3,500 filing cabinets last year for its UK bead office and branches. Laid side to side, they would stretch for nearly a mile and cover almost 7,900 sq ft. At prime City rents of £30 per sq ft, they would occupy a space worth more than £200,000 a year.

The economica of that calculation would seem to spell immediate death for the traditional office supplies market.

"Yet we can see that even some of the larger firms are failing to take full advantage of the new technology," says Mr Sydney Smith, marketing manager for Vickers Furniture, which is a subsidiary of Europe's leading office equipment manufacturer, with e turnover of more than £60m.

"We cannot supply the thirst of demand for conventional products. When one compares a mundane old filing cabinet with the alternative, one wonders where it is all coming from. It seems staggering."

Despita the cost savings that could be achieved by throwing out bulky old equipment, many company buyers cite cost as a major reason for not doing so. "Filing cabinets may take up more floorspace but they are still the cheapest form of filing records in terms nf unit cost," claims Mr Jim Bright, marketing manager for G. A. Harvey Office Furniture, NatWest's supplier.

A four-drawer filing cabinet costs around £130, while electronic storage means starting with a business computer for around £5,000.

But however much buoyancy these factors create in tha European office supplies market, non-European companies will still find it hard to get a foothold without owning a local manufacturer.

It was precisely that thought wbich motivated Steelcase of the U.S., the world's largest office furniture manufacturing company, with a turnover of $1bn, to acquire a 50 per cent stake in Strafor—the largest filing products maker in France—two years ago. The group's European sales are currently $200m.

"Our motive in linking up with Strafor in Europe was market penetration," says Mr Neville Osrin, manager of Steelcase Strafor (UK). "It was also a question of access to channels of distribntion. It just is not possible to sell in Germany or France without German or French distribution."

Similar motives lay behind the acquisition in 1981 of Ofrex, the UK manufacturer of binders, files and staplers, by Gallaher, a subsidiary of American Brands, the U.S. tobacco giant.

Nor has acquisitive interest in local suppliers and mannfacturers been confined tn U.S. multinationals. Esselte of Sweden, the world's largest office equipment manufacturer, with a turnover of SKr 6.9bn (£590m) took over Dymo, the Californian-based labelling company five years ago because it wanted access to Dymo's European outlets for its own office products.

The sheer muscle that mergers like these has created has put pressure on smaller companies to seek protection. One result of this is the formation 18 months ago of an—albeit faltering — European office suppliers' trading alliance.

The founders were Atlanta Hoogezand—a third the size of Twinlock in sales terms, but still the largest filing products manufacturer in the Netherlands—and Setten and Durward, which makes computer related filing equipment in tha UK.

Tha group now includes members from France, Italy and West Germany. S and D and Atlanta already use each other for distribution. Other members occasionally trade with one another at advantageous prices. They are currently considering arranging joint purchases of raw materials.

The next logical development for the consortium may be to crystallise into another spate of mergers as one way nf consolidating the trading power it aims to achieve. So the rationalisation which has taken place among the larger nffice supply groups could well begin to filter down to the minnows of the industry.

CONTRACTS

NatWest orders £3m ICL cheque printers

ICL computer and laser printing equipment worth £3m has been ordered by the National Westminster Bank, and its four security printers. ICL is also developing software to provida a computer controlled cheque printing system, EPOCH. ICL's banking contract initially involves the linking of two of its medium size ME29 mainframa computers to two existing ICL laser printers at the bank's own printing works. Following the completioo of this installation, two ME29s and two laser printers will be installed at each of four security printers, these having recently gained contracts to print cheque books for the bank. The system is scheduled for completion early in the spring.

*

RUSH AND TOMPKINS has won orders worth £2.5m in the north east. Contracts include a £1.2m phase II administration block for tha Central Electricity Generating Board at Hartlepool power station. The work covers the second phase of a new administration building which will provide a further 15,000 sq ft of offices in two storeys, and will be built in a "U" shape linking to each end of the existing first phase, creating an internal landscaped courtyard area. It is expected to take 65 weeks to complete.

Rush and Tompkins has also started a £588,425 contract for a two-storey administration building with basement for the Borough of Hartlepool. The building, which will be built over 52 weeks, will provide a two-storey steel framed structure which will be brick clad. At Collingwood Street, Newcastle, work has started on a 23 week programme to refurbish and alter existing "Metropolitan House" of West End and Metropolitan Estates at a cost of £263,000.

*

FAIRCLOUGH BUILDING'S eastern division has won contracts worth £1.6m for housing refurbishment work. The first is for the City of Newcastle upon Tyne and involves improvements to 136 bomes on the Pendower Estate in Newcastle. Kitchens will be enlarged, inclnding providing new units and associated services and fittings; doors and windows will be renewed and new central heating systems installed. Work has begun and is to be completed in late 1984. The second cootract is for the Property Services Agency, north east region and is to internally upgrade, modify and build two-storey extensions to married soldiers' quarters at Catterick. Work has begun and should be completed in July 1984.

Fairclough Scotland has been awarded a £258,000 contract for the construction of new carriageway, resurfacing work and landscaping on the Paisley inner ring road. The work, which is designed to improve traffic flow in central Paisley, is expected to be completed in mid-1984.

*

Three companies have been awarded contracts worth £1.3m for the next phase of the development of the Ramsgate ferry port. Work is about to begin on the next phase of the scheme, which includes construction of a second berth, additional breakwater protection and the reclamation of 25,000 sq metres of land. Port Sally Management, part of Sally UK Holdings, which is developing the port, has awarded contracts worth £750,000 to JOHN HOWARD nf Chatham, Kent, for the construction of the berth and the bund wall, £550,000 to ZANEN DREDGING AND CONSTRUCTION, of Newbury, Berkshire, for dredging work and £35,000 to SHORE LINE, of Plymouth, Devon, for sewage pipe protection work.

*

BRENGREEN (HOLDINGS) subsidiary company, Brengreen Emirates, has been awarded the contract for the cleaning of three hospitals in the State of Qatar. The contract, which commences on November 28, is worth approximately £2m over its three-year period.

FT LAW REPORTS

No bankruptcy rules where company pays its debts

RE LINES BROS LTD
Chancery Division: Mr Justice Mervyn Davies: October 28 1983.

WHERE A company pays all its debts and meets all its liabilities existing at the commencement of winding up, it is solvent for the purpose of post-liquidation distribution of surplus assets, though the initial basis for winding up was insolvency; and accordingly are not entitled to tha post-liquidation interest payable to creditora of an insolvent company under the bankruptcy rules, irrespective of whether they were contractually entitled to interest on their loans.

Mr Justice Mervyn Davies so held when giving directions on the application of the liquidator of Lines Bros Ltd as to whether all its creditors were entitled to payment of statutory post liquidation interest on their debts pursuant to the rules of bankruptcy. The respondents to the application were creditors, Lloyds Bank International and Hamley Bros Ltd.

Section 317 of the Companies Act 1948 provides: "In the winding up of an insolvent company . . . the same rules shall prevail . . . as are in force for the time being under the law of bankruptcy . . ."

Section 33(8) of the Bankruptcy Act 1914 provides: "If there is any surplus after payment of . . . debts it shall be applied in payment of interest at the rate of four pounds per cent per annum on all debts proved . . .

* * *

HIS LORDSHIP said that in 1967 Lloyds lent Lines 18.5m Swiss francs at interest. On September 28 1971, with that dabt unpaid and some interest in arrears, Lines was placed in creditors' voluntary liquidation. Hamley also was a creditor. Its claim was in sterling and was not interest bearing.

No declaration of solvency was filed, but the debts proved in the winding np were paid in full, including interest on the interest bearing debts, up to the date of the winding up resolution.

The amount available to meet post liquidation contractual interest claims was £1.9m whereas the required sum was £4m. The £1.9m would however, ba sufficient to pay post liquidation statutory interest at 4 per cent pursuant to section 33(8) of the Bankruptcy Act 1914, leaving a surplus of about £20,500.

It was said on the one hand that the £1.9m was to be applied in the reduction of interest bearing debts, from September 28 1971 onwards, ie in payement of post liquidetion coptractural interest.

On the other hand it was said the £1.9m was to be applied in payiog post liquidetion statutory interest at 4 per cent on all the debts, pursuant to sectioo 33(8).

The question was whether tbe liquidators were engaged "in tbe winding op of an insolvent company" within section 317 of the Companies Act 1948.

If they were, and if section 33(8) accordingly applied, the non-interest bearing creditors would get interest and rank equally with interest bearing creditors. The interest bearing creditors would, initially at any rate, get 4 per cent interest only, though they might be able to claim for any balance over after the 4 per cent had been paid to all creditors.

*

The true meaning of section 317 must be ascertained in the light of decided cases.

In *re Fine [1956] Ch 256, 262* a company was ordered to be wound up compulsorily. There was a question as to whether statutory interest was payable out of surplus after the debts were paid.

Mr Justice Vaisey said "although for some purposes dnring the winding np proceedings this company must have been deemed to have been insolvent . . . when the time comes for dealing with the surplus it . . . has to be treated as a company which is, and was, and always bas been solvent."

Accordingly section 317 was held not to apply, and no statutory interest was payable.

Re Rolls Royce [1974] 1 WLR 1586 was about a creditors' voluntary winding up followed by solvency. There Pennycuick VC explained that application of the Bankruptcy Rules to winding up originated by virtue of section 10 of the Supreme Court of Judicature Act 1875.

That section provided that "in the winding np of any company . . . whose assets may prova to ba insufficient for the payment of its debts and liabilities . . . the same rules shall prevail . . . as . . . under the law of bankruptcy."

Pennycuick VC concluded that under the 1875 Act one considered insufficiency of assets not at the outset of the winding np, but as it developed. He said "section 317 . . . has no application once liquidation throws np a surplus, whatever may have been the position at tha commencement of the winding up."

Rolls Royce seemed to be authority for the proposition that the winding np of a company put into creditors voluntary liquidation, but later paying its proving creditors in full, was not the winding np of an insolvent company within section 317.

In *re Oldham Trademen's Insurance Co. (unreported, December 19 1980)* the Secretary of State for Trade presented a petition for tha compulsory winding up of the company. The petition was supported by an allegation of insolvency. A winding up order was made. Then a windfall met all the company's liabilities, leaving a surplus.

Mr Justice Vinelott said "section 317 applies to a company . . . until, but only until, it is shown that there was a surplus of assets over liabilities."

*

In *re Jessel (unreported December 21 1978)* following *Rolls Royce*, Lord Justice Goff regarded the opening words of section 317 as having the same meaning as the replaced words of section 10 of the 1875 Act.

What had to be considered, therefore, was what was meant by "debts and liabilities" in section 10.

Statutory interest was not a "debt or liability" within section 10 because a liquidator's obligation under section 33(8) to pay interest out of surplua was pursuant to a statutory direction made to him. Also, it was not right to consider "insufficiency" (or insolvency) by reference to section 33(8) because that was to presuppose the section applied. One must decide wbether the company was insolvent before taking account of rules whicb would apply if it were.

Nor was post liquidation contractual interest a debt or liability within section 10.

Observationa made in *Humber (1869) Ch App 643,646,647* and *Duncan [1905] 1 Ch 307,315* led to the conclusion that a company was insolvent if the assets did not admit of paying "the debts as they existed at the dete of the winding up," and was solvent if, when such debts were paid, there was a surplus.

If there was a surplus the post liquidation interest creditor was "remitted to his rights under the contract," bnt those rights were rights against a solvent company.

Section 10 did not use the words "solvency" or "insolvency," bnt "insufficiency" was to the same effect.

Mr Parker for the non-interest sterling creditors, relied on *Whitaker [1904] 1 Ch 299*. That did not concern winding up. It concerned the administration of the estate of a deceased iosolvent and conld not, in the light of *Fine*, *Rolls-Royce* and *Oldham*, stand as a guide to the meaning of "insufficiency" with regard to winding np.

The basis of the decisions in *Fine*, *Rolls-Royce* and *Oldham* was that a company was not insolvent within section 317 once its debts and liabilities existing at the date of the commencement of the winding np had been paid or met in full, albeit that it was initially in liquidation on the basis of insolvency.

It followed that Lines was not an "insolvent Company" within section 317.

*

Mr Parker said that *Fine*, *Rolls-Royce* and *Oldham* were all distinguishable from the present case. So they were, in that they did not give rise to a competition between classes of creditors. In *Oldham* and *Fine* the competition was as between creditors and shareholders.

That distinguishing feature was of no importance if regard was to be had only to the question whether *Lines* was "insolvent" within section 317.

Neither tha interest creditors nor the non-interest creditors were entitled to payment of interest on their debts pursuant to section 33(8).

For the liquidator: David Graham QC, Robin Potts QC and Martin Moore (Simmons and Simmons).

For Lloyds: William Stubbs QC and Mary Arden (Cameron Markby).

For Hamley: Jonathan Parker QC and Christopher Heath (D. J. Freeman and Co.).

By Rachel Davies
Barrister

THE ARTS

Opera and Ballet

LONDON

Royal Opera House, Covent Garden: The new production of Mussorgsky's Boris Godunov in its original version is by Soviet film director Andrey Tarkovsky. Claudio Abbado conducts. The cast (which includes Aage Haughland, Eva Randova, Gwynne Howell, Mikhail Svetlev, and Philip Langridge) is led by Robert Lloyd in the title role (240 1066)

English National Opera, Coliseum: The new production of The Valkyrie, a curate's egg, offers some exciting stage pictures, and fiery performances from Josephine Barstow, Alberto Remedios, and Willard White; Mark Elder conducts. The Tales of Hoffmann, one of ENO's most reliably enjoyable entertainments, returns with a largely new cast, including John Treleaven as Hoffmann. Last performance of Monteverdi's Orfeo, a controversial but heartfelt achievement (836 3161)

Royal Opera House, Covent Garden: The new Royal Ballet triple bill includes Nureyev's The Tempest from last season (240 1066)

Dance Umbrella circus of contemporary dance continues at various London venues, including Riverside Studios, which is visited by the American experimentalist Trisha Brown (Tue and Wed)

NEW YORK

Metropolitan Opera (Opera House): The seventh week of the centenary season features Don Giovanni with James Morris in the title role, with Edda Moser as Donna Anna, conducted by Jeffrey Tate, with La Boheme, La Traviata and Peter Grimes. Lincoln Center (580 9830)

New York City Opera (New York State Theatre): Ariadne auf Naxos, Tosca, Madama Butterfly, and Cunning Little Vixen. Lincoln Center (870 5570)

The Student Prince Light Opera of Manhattan): William Mount-Burke's production turns Sigmund Romberg's Heidelberg into a lively background for Prince Karl's tuneful love of Kathie. (Ends Nov 20)

WASHINGTON

Washington Opera (Opera House): Cosi fan Tutte, Rigoletto. Kennedy Center (254 3770)

PARIS

Mauricio Kagel: A musical epic about the Devil. Théâtre de Chaillot. Salle Gemier (727 8115)

Madame Butterfly conducted by Alain Lombard in a Teatro Communale de Florence production with Raina Kabaivanska in the traditional version alternates with Glazunov's Ballet Raymonda in a new production with Rudolf Nureyev's choreography reinterpretating Marius Petipa. Decor and costumes by Nicholas Georgiadis, conducted by Michel Sasson/Michel Queval at the Paris Opera (266 5022)

Vive Offenbach conducted by John Burdekin, produced by Robert Dhery at the Opéra Comique (296 0611)

WEST GERMANY

Berlin Deutsche Oper: The week starts with Don Carlos, sung in Italian, with Pilar Lorengar brilliant in the part of Elisabeth. At the occasion of this year's Wagner anniversary, Tannhäuser is presented with Gwyneth Jones and Harald Stamm in the main parts. Madame Butterfly is perfectly cast with Helga Wisniewska and Franco Tagliavini. Also on performance, Tosca, finely interpreted by Janis Martin in the title role, as well as der Türke in Italien.

Hamburg, Staatsoper: Hanna Schwarz does justice to the title role in Carmen. Also in honour of this year's Wagner celebrations, Parsifal is offered this week with Wagner specialist Rene Kollo and Leonie Rysanek, famous for her rendition of Kundrey. Giovanna d'Arco, one of Verdi's less well known works, presented in a concert version, is premiering this month. Outstanding Margaret Price and Richard Curtin are singing the leading parts. There was much acclaim for Alexander Zemlinsky's two operas "Eine florentinische Tragödie/Der Geburtstag der Infantin", which reappeared on the German stage after a long absence. The Magic Flute rounds off the week.

Frankfurt, Opera: Die Entführung aus dem Serail has a complete new cast with Hildegard Heichele and Rudolf Mazzola. Der Fliegende Holländer does justice to the title role. Manon Lescaut convinces thanks to Nelly Miriciolu in the title role. La Traviata is conducted by the young American conductor Judith Somoghi.

Munich Bayerische Staatsoper: Don Giovanni, sung in Italian, has fine interpretations with Judith Beckmann and Francisco Araiza in the leading roles. Otello is of respectable standard with Vladimir Atlantow in the title role. Die Lustigen Weiber von Windsor and Ariadne auf Naxos are both Wolfgang Sawallisch productions. The latter is worth a visit because of brilliant Anna Tomowa-Sintow in the leading role.

Munich, Opera: A ballet evening devoted to music by Maurice Ravel is jointly choreographed by Ferenc Barbay, George Balanchine and Maurice Bejart (Wed)

Arts Week

F	S	Su	M	Tu	W	Th
4	5	6	7	8	9	10

Exhibitions

LONDON

The National Gallery, Manet at Work: this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective to Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business

The Royal Academy: Art of the Avant Garde in Russia 1910-30: a selection amounting to some 300 works from the astonishing collection formed since the War by George Costakis, sometime official in the Canadian Embassy to Moscow. The Russian artists in the years before and after the Revolution were as stimulated by the ideas and events of that time as their fellow-intellectuals and consequently denounced as decadent when Stalin decided they were too dangerously free and should be suppressed. One wonders how many more works are still under lock and key. Ends Nov 13

PARIS

Turner (1775–1851) – the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Oct 15–Jan 16). Closed Tue (2615410)

Liège Modern Art Museum has lent its collection of choice items – one of Monet's first paintings and one of Gauguin's last. Also a surprising, Blue-period Picasso – to the Centre de la Communauté Française de Belgique. (Tel: 2712616), 11am–6pm, closed Mon. Ends Jan 6

The Land of Baal and Astarte. Ten thousand years of Syria's artistic development. Petit Palais (265 1273). Ends Jan 8, 10am to 5.40pm. Closed Mondays

Balthus: 50 paintings and as many drawings are shown in the secretive painter's first retrospective in collaboration with the Metropolitan Museum. The accent is on his work in the thirties. Centre Georges Pompidou. Ends Jan 23, closed Tue (277 1233)

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27

Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Titian and Tintoretto. The drawings show off the draughtsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13

Contemporary and controversial

The most comprehensive exhibition of contemporary U.S. art ever shown in West Germany opened at Bonn's Rheinisches Landesmuseum accompanied by demonstrations of hundreds of young people protesting against the American intervention in Grenada. "Back to the U.S." – an apt title in the circumstances – has works from the 1970s and 1980s by nearly 50 U.S. artists. Among them are Jonathan Borofsky, John Ahearn, Brad Davis, Eric Fischl, Julian Schnabel, William Wegman and Joe Zucker. The show, which documents such U.S. artistic styles as "pattern & decoration," "new image" "new wave," "new expressionism" and graffiti, runs until January 15.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984

BRUSSELS

15th Century drawings from Belgian private collections – 100 drawings including Jordaens, Teniers, van Goyen, Tiepolo, Poussin and Fragonard. Société Générale de Banque. Ends Dec 21

WEST GERMANY

Nuremberg, Kunsthalle, 32 Lorenzer Straße 32: a survey of the contemporary arts scene in East Germany documented by more than 200 works by 13 artists. Ends Nov 15

Berlin, Nationalgalerie, 50 Potsdamer Strasse: 180 figurative and abstract wooden, bronze, wire and rolled-steel sculptures by Pablo Picasso. Ends Nov 27

Hanover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the roving exhibition with 176 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8

Essen, Museum Folkwang, 41 Goethestrasse: paintings, drawings, water colours and graphics chiefly from the early periods of Erich Heckel (1883 to 1970), the German expressionist painter. Ends Nov 20

Munich, Lenbachhaus, 33 Luisenstrasse: 'Aktuell '83' offers a view of a sizeable part of today's European arts scene through 165 works (mainly paintings, sculptures, video and films) by 44 artists from Milan, Munich, Vienna and Zurich. Ends Nov 20

Berlin, Staatliche Kunsthalle, 44–46 Budapester Straße: The first venue in West Germany of a show comprising 160 paintings, drawings and graphics by Alex Coleville, the Canadian realist. Ends Nov 18

Kaiserslautern, Pfalzgalerie, 1 Museumsplatz: "art deco" (Jugendstil in German) is illustrated here through 360 exhibits on loan from a private collection. Among the pieces shown are furniture, ceramics, glass and pewter. Ends Nov 20

Kassel, Museum Fridericianum, Friedrichsplatz: "germination II" has works by 90 fine arts students from Britain, France and West Germany. Ends Nov 20

Stuttgart, Galerie der Stadt, 2 Schlossplatz: roughly 50 – rarely shown – landscapes painted in oil, water colour, or drawn by Oskar Schlemmer (1888 to 1943), the Bauhaus teacher. Ends Nov 27

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.

Rome: Vatican Palace, exhibition of '200 Years of American Paintings from the Thyssen-Bornemisza Collection'. Ends Nov 10

Venice: Palazzo Ducale, 7000 Years of Chinese Art. Ends Dec 31. Palazzo Grassi, exhibition of paintings by Filippo de Pisis. Ends Nov. 20

Milan: Exhibition of Leonardo's drawings for the Last Supper; the exhibition includes 20 preparatory sketches, which are shown in the same room as the fresco in the Church of Santa Maria delle Grazie. Open till Nov 27, sponsored by Olivetti, who are financing the restoration of the fresco.

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

Maydays (Barbican): New play for the RSC by Nicholas Nickleby adaptor David Edgar about the defection from Left to Right as a process of both politicisation and aging. Panoramic, ambitious text covers the ground nimbly from Hungary in 1956 to the fate of British radicalism in the late 1970s. (628 8795)

The Cherry Orchard (Haymarket): Scenically dull but very well acted production by Lindsay Anderson of Chekhov's masterpiece. Joan Plowright is an edgy, skittish Ranevskaya and Leslie Phillips, an accomplished light comedian, a revelation as her pathetic brother. Wonderful support from Frank Finlay, Bill Fraser, Frank Grimes and Joanna David (930 9832)

Hay Fever (Queen's): Penelope Keith continue her reign as the iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion to a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

A Moon for the Misbegotten (Mermaid): Frances de la Tour and Ian Bannen are quite superb, especially in the last confessional hour of O'Neill's powerfully banal last play. Last chance to catch one of the year's London highlights (236 5568)

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670)

Noises Off (Eisenhower): Dorothy Loudon stars in Michael Frayn's comedy about the provincial run of a slapstick farce with lots of antics for a company that includes Brian Murray, Paxton Whitehead and Victor Garber. Ends Nov 27. (254 3670).

Music

LONDON

Placido Domingo with the Royal College of Music Symphony Orchestra and Chorus conducted by Robin Stapleton. Gala concert in aid of the Royal Opera House Development Appeal, attended by the Prince and Princess of Wales. Royal Festival Hall (Mon). (928 3191)

Haydn Trio of Vienna: Haydn, Brahms and Dvorak. Queen Elizabeth Hall (Mon). (928 3191)

Philharmonia Orchestra conducted by Vernon Handley with Jill Gomez, soprano and Nigel Kennedy, violin. Shostakovich, Britten and Elgar. Royal Festival Hall (Tue)

City of London Sinfonia conducted by Richard Hickox. Bach, Mozart, Strauss and Barry Guy first performance. Queen Elizabeth Hall (Tue)

London Symphony Orchestra with Pinchas Zukerman, director and violin; and André Watts, piano. Mendelssohn and Brahms. Royal Festival Hall (Wed)

Chamber Orchestra of Europe conducted by Claudio Abbado with Rudolf Serkin, piano. Rossini, Beethoven and Schubert. Queen Elizabeth Hall (Wed)

PARIS

Jacques Taddei, organ, Maitrise de la Sainte Chapelle, Francis Bardot: Liszt, Mozart, Händel (Mon 6.30pm)

Orchestre Colonne conducted by Pierre Dervaux, Jean-Jacques Kantorow, violin: Stravinsky, Berlioz, Mendelssohn (Mon 8.30pm). Both concerts at TMP – Châtelet (233 4444)

Orchestre de Chambre de Toulouse, conducted by Georges Armand: Rameau, Bartok, Komives, Tchaikovsky (Mon). Radio France, Grand Auditorium (524 1515)

Adriana Maliponte recital, Geoffrey Parsons, piano (Mon) Théâtre de l'Athénée (742 6727)

Philippe Entremont recital: Bach, Beethoven, Debussy, Chopin (Mon) Théâtre des Champs Élysées (723 4777)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Klaus Tennstedt conducting. Bruno Leonardo Gelber, piano. Brückner, Mozart (Wed, Thur). Lincoln Center (874 2424)

English Chamber Orchestra (Carnegie Hall): Sir Charles Mackerras conducting, Gidon Kremer, violin. Vaughan Williams, Beethoven, Holloway, Haydn (Thur) (247 7459)

New Sounds from Vienna (Manhattan School of Music): Ensemble Kontrapunkte conducted by Peter Keuschnig. Krenek, Bjelik, Urbanner, Lauermann (Wed mat); Schedl, Cerha (Wed); Schwertsik, Ager, Zobl, Rubin (Thur mat); von Einem Pernes, Gruber (Thur). 122nd & Broadway (749 2802)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Salvatore Accardo violin. Bach, Beethoven, Tchaikovsky (Tue, Wed mat, Thur). Kennedy Center (254 3776)

Terrace Concerts: Ruggiero Ricci violin in recital with Kyoko Hashimoto piano. Bartok, Saint-Saëns, Ernst (Tue); Byron Janis piano recital. R. Schumann, Ravel, Chopin (Thur). Kennedy Center (254 9895)

CHICAGO

Chicago Symphony (Orchestra Hall): Michael Tilson Thomas conducting. Stravinsky, Tchaikovsky (Thur). (435 8111)

WEST GERMANY

Frankfurt, Alte Oper: The Frankfurt opera orchestra conducted by Michael Gielen with Beethoven's Missa Solemnis. Soloists are Faye Robinson, Dunja Vejzović, Eberhard Büchner and Manfred Schenk (Mon). Swedish Radio Symphony Orchestra under Rafael Frübeck de Burgos with violinist Igor Oistrach offers Beethoven, Bartok and Manuel de Falla (Tue)

Berlin, Philharmonie: Berlin's Philharmonic Orchestra, conducted by Eugen Jochum and pianist Maurizio Pollini with Schubert and Max Reger (Tue)

BRUSSELS

Isaac Stern, violin, with Andrew Wolf, piano. Beaux Arts, Brussels (Tue)

ZURICH

Tonhalle: Chamber music soirée with members of the Tonhalle Orchestra. Pleyel, Saint-Saëns, Dvorak (Mon); Tonhalle Orchestra conducted by Yoav Talmi with Victor Tretjakov, violin. Rossini, Mendelssohn and Shostakovitch (Wed); Collegium Musicum Zurich conducted by Paul Sacher with Maria Pires, piano. Mozart (Thur)

Cinema/Nigel Andrews

Poetry in motion

Nostalgia, directed by Andrei Tarkovsky
Exposed, directed by James Toback
Order of Death, directed by Roberto Faenza
The Star Chamber, directed by Peter Hayams
The Toy, directed by Richard Donner
Oliver Twist, directed by Clive Donner

Andrei Tarkovsky's *Nostolgio* is one of those Damascene films that make you come out of the cinema wondering if the outside world isn't what you've just left rather than what you're returning to. Fresh breezes blow through your brain in the film, amazing images rinse your eyes, and the air becomes keener and giddier the higher you climb.

As in *Mirror* and *Stalker* the Russian director gives us a spectaular experiment in dissolving narrative, where a never-more-than-ghostly story underpins a sequence of poetic-allegorical scenea. The "plot" is the thoughts and feelings of the hero Andrei (Oleg Jankovsky); a middle-aged Russian musicologist visiting Northern Italy to research an 18th-century composer's life.

Setting down his bags in a small Tuscan town where the big rambling hotel jostles with a bubbling sulphur pool, he's visited by darkly beautiful memory-images of Russia (and wife and children), he talks and muses with his beautiful guide - interpreter Eugenia (Domiziana Giordano) and he hobnobs with the local "madman" Domenico (Erland Josephson); who locked himself up with his family for seven years and now wanders the town railing against a divided, unquiet world.

Andrei also bohnobs with Tarkovsky's astonishing gallery of dream-allegorical images. Water swirls through buildings, or lapa ruined churches; birds fly out from the breast of a Madonna statue in a church; ghostly mists finger remembered Russian valleys; steam sputters from the Dantesque sulphur pool, which the madman dreams of crossing from end to end with a lighted candle.

The film's leitmotifs are fire and water; the film's dream is a longed-for alliance of the two which might redeem the world. Water, as ever in Tarkovsky, images forth our maternal pasts, our homes, the earth and ocean we rose from, everything for which we can feel "nostalgia." Fire is the demon danger of creation and imagination, the baptism that destroys and fulfils us in the same breath—as in Domenico's final, public act of self-sacrifice, where after haranguing the crowds in a Roman square about the world's folly he burns himself to death.

Seesawing between colour and black and white—and often using a shadowy monochrome faintly glinted with greens or reds or browns — *Noatolgia* pleads a fluid, Utopiao vision of the world in which frontiers are gone, cultural and political blockades forever lifted. The madman's seven-year "protection" of his family, an idealism that becomes a tyranny, offers a parallel with Soviet Russia's unyielding embrace of its own people. And the family's release begins their, and his, salvation.

Domizland Giordano in "Nostalgia"

Throughout the film, cued by this event, Inside and Outside become miraculously interchangeable, as if "home" is something that can be evangelically spread through the world at large, and the world at large, conversely, can flow into our homes. A wardrobe stands in the middle of a street. A miniature river valley, formed of mud and grass and water, extends across the floor of Domenico's baro-like home. And in the film's magical closing shot a ruined Italian church encloses the landscape of Andrei's own Russian home; the bright spears of daylight between the arches reflected in a pond like a multiple image of the candle with which Andrei has just fulfilled the pool-crossing dream bequeathed him by Domenico.

Nostalgia, in which mystery and revelation, meaning and beauty, become inseparable strengths, is the nearest to poetry that cinema can ever aspire.

*

James Toback's *Exposed* is the nearest to idiocy. I have asked before to be inclnded out of the Toback fan club; once when he unleashed *Fingers* upon the world, gathering hallelujahs from such as Fassbinder and Truffant for a film that seemed to me picayune and pretentious in equal measure, and again with his second film *Love ond Money* which sank like a stone straight into the video market.

In *Exposed* Nastassia Kinski plays a Wisconsin farmer's daughter shinning her way up the ladder of International Chic, radical and unradical, from playing Bach partitas in bistros to modelling for magazines to becoming a chess-piece in the glamorous world of terrorism.

En route she meets Ian McShane as a David Bailey clone, Rudolf Nureyev as a world-famous violinist ("What do you want from me?" she asks: "Everything," he says) and Harvey Keitel as "Rivas," a world-class terrorist lobbing lethal grenades of instant philosophy in Paris, France. (He: "People are hungry." She: "What for?" He: "For something to cover the hysteria or despair that are just beneath the surface.")

This extravagantly silly film tries to assure us of its credentials in the Romance and Death department by dropping names like Goethe and Dostoevsky and Schopenhauer. But it hedges its bets with flurries of mayhem as well. There is a bomb, a punch-up or two and several shootings. The silliest and most incboate heights are reached, however, in a love scene where Nureyev uses his violin bow to stroke every available inch of Kinski's body. I am all for gratuitous violence, when necessary, but I draw the line at gratuitous violins.

Harvey Keitel must have a script-diviner which tweaks at the approach of extreme lunacy. In *Order of Death* he is confronted in a New York apartment by Johnny Rotten, here credited under the name of John Lydon. A cop killer is loose, and whisky-prone police detective Keitel sits high but not too dry in his corrupt eyrie (bought with bribe money) trying to work out who it is. Also involved in this windy, wordy thriller are Nicole Garcia as a French lady reporter and Mr Rotten as a displaced Cockney terrifying New York by wandering its streets in pink-lensed, bubble-gum spectacles and striped green baggy pants the size of a mainsail. He keeps billowing after Keitel, and into his apartment, with the same mysterious tenacity as Nureyev pursued Miss Kinski in *Exposed*. Who is the murderer? *Is it* Mr Rotten? Who will be his next victim? I propose director Roberto Faenza.

*

The Star Chamber, directed by Peter Hyams, enjoys a fine first hour or so, as California judges Michael Douglas and Hal Holbrook thunder acidly about the number of brutal criminals escaping conviction on legal technicalities. There is crackling dialogue, kiloherz acting and crescent curiosity as to where the plot will go.

Unfortunately it goes to the "atar chamber;" a vigilante court of no appeal where top judges meet in secrecy to pronounce their own illicit sentences, carried out by a hired killer, on defendants who've slipped through the law. The film promptly explodes into fatuity. There are wildly implausible chase scenes and convictable coincidences. And it's impossible to believe that these portentous caucuses of the state's top judiciary, held in huge theatrically-lit rooms, could escape police attention as long as they do. As in *Capricorn 1* and *Outland*, director Hyams sets up a carefully suspenseful house of cards early on only to bring it all down later with some careless, impetuous sweeps of his mit.

*

In *The Toy* Richard Pryor wanders inadvertently (or advertently?) into a Jerry Lewis role; playing a slapstick addlepate hired by millionaire Jackie Gleason to be his spoilt young son's new "toy." *Like Lewis*, the role specialises in slow-burn verbal incoherence *in extremis*, much squally knockabout in department stores and a glutinous final drift towards sentimentality and sermonising. (Through Pryor, Gleason and the boy come to love each other again.) Richard Donner directs, with no discernible sense of direction.

Oliver Twist has little to shout about, least of all George C. Scott as a low-key, non-semitic Fagin presumably conceived to please all liberals. (Will he next be giving us a beige Othello?—or a Stooped Person of Notre Dame?) Richard Charles is a perky, angelic Oliver; but the rest of Clive Donner's film is routine TV-style costume drama, with thesplans thesping thumpingly away in close-up and two-shots after what seems to have been a busy raid on the costume trunks.

Lontano/Purcell Room

Andrew Clements

Lontano's autumn seriea in the Purcell Room conducted by Odaline de la Martinez must set some kind of record for anniversaries celebrated. It manages to cram in five — Messiaen at 75, Lutoslawski at 70, Ligeti at 60, Ferneyhough at 40, with Webern'a centenary as central thread. However contrived, it makes for a solid and satisfyingly coherent piece of programming which represents accurately the range and direction of Lontano's interests.

On Wednesday the group did not carry off its design with quite the sparkle and zip necessary. The short programme required more consistently incisive playing, in Webero's *concerto Op 24* and the ensemble version of Luotaslawski'a *Donce Preludes* especially. In Ferneyhough'a *Coloraturo* for ohoe and piano, an early piece of post-Webernian gesturing that has a surety of contour representative of the best of its composer, Stella Dickinson, and Shelagh Sutherland underplayed the music's dramatic impact, though they seemed well on top of its technical difficulties.

Ligeti's ten pieces for wind quintet struck a more equitable balance between effortful accuracy and casual élan. Yet Lontanto's ability to negotiate the moat testing scores was nowhere better demonstrated than in Christopher Fox's *Etwos Lebhaft*, commissioned by the group and receiving its first performance.

Fox intends a homage to Webero; he borrows the title from the marking from the first movement of the Op. 24 concerto, its instrumentation and the passacaglia backbone. On top of it he erects a slowly shifting chordal complex, which moves in and out of focus through many microtonal harmonic layers before fragmenting in the final pages. At 18 minutes, the idea is perhaps over extended, but it alights on some intriguing textures and punning harmonies along the way.

Giustino/Sadler's Wells Theatre

Stanley Sadie

Handel's *Giustino* is usually counted a failure: it is one of the three operas he composed for production in London in 1737, before the double collapse: first of his health, second of the opera company's finances. London audiences at the time did not much take to it, though it ran to nine performances, more than its companions *Arminio* and *Berenice* achieved. Their verdict has been too long, too uncritically accepted, and the revival by Handel Opera—the first in London since the original performances (it was given at Abingdon in the 1960s) —provides a welcome if belated opportunity to reconsider it.

Giustino is an heroic opera; its plot concerns dynastic rivalries in ancient Byzantium. By this date Handel rarely used the big gestures, the broad phraseology, the driving counterpoint that marks his heroic writing in the period of works like *Giulio Casare* or *Admeto*. Times had moved on, stylea had changed. In *Giustino* he flirts with "modero" ones. The phrases are shorter, the harmonies more static; the bassea often use those repeated-note figures that Handel is recorded as having mocked. There is less vitality, less grandeur, perhaps less confidence. Yet there are in this score plenty of strong, characteristic ideas, and there is a great deal of rich, full-bodied scoring.

Often in a Handel opera one has to wait until the second act — by which time Handel is likely to be more fully engaged with his characters — for the music to take on real life. In *Giustino* it springs to life early on, with a couple of strong arias at the opening followed by a compelling scene for Justin himself in which he moves, hidden by Fortune, from the gently pastoral to the nobly heroic. Soon after, one of the villains, Vitilian, asserts himself in formidable terms; and the act ends with the opera's finest piece, a profoundly moving aria in D minor for the Byzantine empress, Ariadne. It is perhaps becauae of the tortuousness and the slender motivation of the plot that the music goes much deeper in the later acts. But there is still plenty of vintage, inventive music, for example in Ariadne'a brilliant oboe-concerto aria that ends the second act, or the emperor Anastasius's siciliana that begins the third (it prefigures "Come unto Him" from *Messiah*, still five years ahead), or Justin's tender one that soon follows, or Ariadne's anguished expression in F minor.

I have not for a long time seen a production by this company so imaginatively staged or so consistently well sung. The opera is acted out in a walled-in set, by Robin Don, that usea patterns of squares (even the spotlights shed square pools); and a series of scrims is effectively used to create distance between characters. Simple drapes and a chorus in serried ranks are handled by Christopher Renshaw in a stylised fashion that works remarkably well and there is a lot of effective stillness.

Charles Farncombe conducts with a good feeling for Handel's tempos and textures: here and there a ritornello uninterestingly phrased made one wonder whether he had had enough rebearsal time, though in general the orchestral playing was dependable. Among the singers, there was a particularly powerful and well defined performance from Della Jones as the villainous Amanzius, and fine clean, masculine tenor singing from Robin Leggate as the marginally less wicked Vitilian. Wendy Eathorne was in good voice as Ariadne, often very moving, though generous with vibrato; Elddwen Harrhy, if at times a little soft in attack for a castrato role, showed a good deal of brilliance in Anastasius's music. It was good to bear James Bowman in auch clear, full, round voice in Justin's demanding role; his gentle third-act aria was sung with parilrular subtlety, even sensuousness. A word of praise too for Catherine Denley, aa Justin's lover Leocasta, whose opening aria was quite exquisitely shaded.

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China seeks to consolidate

THE CHINESE Communist Party, never one to do things by halves, has embarked on yet another wholesale purge. By its own admission this painful procesa may last up to three years and result in the expulsion of up to three million out of 40 million party members.

The party's propaganda machine haa, understandably, tried hard to avoid the operation heing characterised as a purge. Instead it is calling it an exercise in "consolidation." But it is clear that an all-out assault is under way on the entrenched and apparently unrepentent opposition, at all levels of the party, to the country's recent move away from Marxist orthodoxy towards more market-orientated economic policies.

Historic struggle

This purge coincides, whether deliberately or not is hard to say, with a law-and-order crackdown of frightening proportions. Thousands of people throughout the country are being tried and summarily executed, nften in public.

Taken together, these two developments underline two apparently ahiding characteristics of communist rule in China. The first is the party'a inahility to engineer fundamental change without devouring itself. The second is the historic struggle between those forces who regard foreigners with incurable suspicion and wish to protect China hehind a veil of secrecy and those who believe that co-operation with the outside world is essential to progress.

Although the ostensible reason for the clean-out ia to rid the party of those who abused their position during the Cultural Revolution, its real aim is to sack those members who objects to an impede the implementation of Deng Xiaping's liberal economic policies. At the core of this new strategy is the opening of China'a door to foreign technoloigy and ideas.

Deng is now 79 years old. The purge appears to be his final push to implant these policies and secure the succession for his proteges.

The oew policies may be successful and popular hut in the absence of the hallot-box the purge is the only effective instrument for consolidating radical change. This is especially true in a country where the iron girdle of communism is reinforced hy a feudal system of personal and factional allegiances which determines whether policies are implemented or become hopelessly bogged down in a vast and amorphous hureaucracy.

The law-and-order campaign, on the other hand, appears to be a parallel reaction against abuses which, according to China'a isolationists at any rate, are the direct result of loosening the economic reins.

Greater initiative, they say, has spawned corruption. The freedom of individuals to trade with each other rather than just with the stale may mean higher economic growth hut it has also heen accompanied hy an unprecedented wave of crime. Aa in the Soviet Union in the early 1960s, the Party aees its authority heing diluted and its cadres do not like it.

The process of change is thus proving traumatic for China. The palpahle sense of unease is underlined hy what the authorities admit is a deep and widespread sense of disillusionment with the party especially among young people.

This disillusionment is hased in the helief that even the changing Party will not be ahle to live up to its new rhetoric, hecause it has changed tack too often in the past.

Despite the harsh propaganda which has accompanied the announcement of the purge Deng, a cautious man, is unlikely to push things too far.

Agile performance

Deng must also be aware of the very real danger that a purge such as the one he has set in motion—perhaps the most comprehensive since the middle 1960s—will merely be nsed to settle old scores. The wounds from the Cultural Revoluotion, when millions of people died because Mao Tse-tung unleashed forces he was ultimately unable to control, are still raw.

Deng's agile and measured performance over the past five years suggests be will not fall into the same trap as Mao. But starting a purge is one thing. Ensuring that the eventual political consequences correspond to the initial objectives is quite another.

Creditors in a legal jungle

THE LAW in England seems to be left to grow like an unkempt forest, and the undergrowth is sometimes impenetrahle. The recent wave of insolvencies—the painful aspect of the slimming of British industry—has hrought home many unpalatahle truths. Among them has been the discovery by many creditors that their security—or collateral, as our American readers would say—is not as secure as they had thought. When things come to a crunch, the holder of a registered security may discover that the claim of another creditor has greater priority, even though his security was either not registered at all or registered subsequently with a retroactive effect. If a debt was assigned to him hy his dehtor, he might find that this assignment was worthless because another assignee to whom the debt was fraudulently assigned for the second time had priority.

Nor is the law without unpleasant surprises for the insolvent dehtor. One would assume that he is entitled to receive any surolus realised by the creditor when selling the security, but this is not always the case. The rules establisbed in oawnbrokers' sbops live on.

The law still seems to be operating on the crude assumption that the creditor takes possession of the pledge as was the case some hundreds of years ago; modern husiness cannot operate unless the dehtor can continue to have control over the pledged machinery, raw materials, products snd accounts receivable. To accommodate this requirement the ancient structure bas been changed a great deal In the course of time hy piecemeal additions.

Urgency

As long ago as 1971 the Crowther Committee on Consumer Credit recommended that the present diversity of rules should be replaced by a legal structure applicable uniformly to all forms of security devices. The model the committee had in mind was Article 9 of the Uniform Commercial Code of the U.S. Their recommendations were supported by the Finance Houses Association but rejected hy the Government in 1973.

Since then the urgency of these recommendations has become much greater, not only because of the recession but also because courts have given a wider scope to reservation of title, which has the same effect as a charge hut does not require registration.

What should one ask from a rational law? First, that it should regulate uniformly all transactions which have the same substance, irrespective of the form. Second, that there should he a aimple filing system from which potential creditors could discover at a glance all the previous charges on the assets which they consider as a possible security. It should be possihle to cover a composite inventory hy a single entry, and it could he left to searchers to obtain further details from the secured party. Such a registration system would remove the present uncertainty about priorities and protect the bona fide creditor against prior unpuhlished charges on the assets. Third, the law should ensure that the dehtor receives any aurplus remaining in the hands of the creditor after the realisation of the security. There should also be no unjust enrichment of one creditor at the expense of others.

Rational law

The Crowther Committee's recommendations, which would go far to satisfy these requirements, were taken off the shelf earlier this week by Prof Roy Goode when delivering the eigbth Crowther Memorial Lecture. They are not the only set of valuable and much needed reform pcoposals relegated to a purely academic existence. The same fate is shared hy Lord Pearson's report on Compensation for Personal Injuries, the reform of civil procedure and of the law of libel, and many other worthy causes.

The Indifference of successive governments, and of parliament, to "non-political" legislation is deeply rooted. When competing with politically live issuea for parliamentary time business law will always bo the loser unless it receives institutional support either from the Deoartment of Trade and Industry or from an expanded Lord Chancellor's office with nroper reoresentation in the House of Commons, where such legislatioo should he processed by a strong select committee on business legislation.

London's financial institutions

Jacob Rothschild spreads his wings

By Richard Lambert

IN a period of increasing interoational competition, London's financial institutions have to choose between two broad strategies for the years ahead. They can remain specialists, seeking out profitable nichea and retaining a private and somewhat upper crust image. Or they can try to hecome an interoational force themselves.

Jacob Rothschild is going for the hig time. Three years ago, after a spectacular family row, he parted company with his cousin Evelyn, who had the votes that counted at N. M. Rothschild and Sons. Since then, the family firm has hranched out considerably, especially into the U.S., but it remains a very private hank, and there is no question about who has the controlling interest.

Meanwhile cousin Jacoh has taken the opposite course. RIT, the investment trust group within the Rothschild amhit which was his power hase after the split with N. M. Rothschild, has merged with another hig investment trust group, acquired significant stakes in securities firms in London and Wall Street, and developed other financial services such as insurance, leasing and unit trusts.

Yesterday's announcement of a merger with the Charterhouse Group—which may turn out to be the first in a whole series nf realignments among City firms — will create a financial institution with ahareholders' funds of around £360m. That is nearly four times RIT's size at the time of what Jacob Rothschild refers to as "the sad corporate divorce," and compares with disclosed net worth of around £200m for Kleinwort Benson and £130m for Hill Samuel.

This rapid growth has only been made possible hy RIT's access to puhlic capital. As a result Mr Rothschild's personal stake in the group is modest: "Absolutely irrelevant in terms of power," he says.

But there is no douhting his role in the new organisation. It will be called Charterhouse J. Rothschild, and be will be the chairman.

Behind this hectic activity lies Mr Rothschild's belief that the City is heading for a period of radical change. As he said in a speech to a Financial Times conference just last week, "The rules by which London has so successfully played the game are being rewritten hy our international competitors."

These developments are, he thinks, a response to vastly improved communications and information systems, and to changing priorities within the international banking community. The capital and energy which in the 1970s was directed in an excessive manner towards achieving market share in international lending is now seeking other areas of expansion.

"We can expect the emergence of a number of financial conglomerates with interests straddling disciplines which have been traditionally distinct," he told last week's audience. "I believe it is important that one or two concerns in the UK show themselves willing to jump in with hoth feet, and to play an active part in the redefinition of the financial sector's competitive boundaries."

Mr Rothschild, whose languid style masks an aggressively competitive spirit, thinks that yesterday's deal signals just such an initiative.

Charterhouse's main contribution to the merger is a medium-sized accepting house, with capital of around £70m, and an international development capital business. Along with its fund management activities, RIT hrings in a half share in L. F. Rothschild, Unterherg, Towhin, the Wall Street investment bank which has developed a profitable position in the high technology sector, as well as a 29.9 per cent stake in the London stockbroker, Kitcat and Aitken. The combined group will have around £1½bn under management.

A hig capital base is an ohjective in itself, as a defence against international competition. In 1982 alone, the equity capital of U.S. securities firms jumped by a staggering $2.3bn to $8.9bn, and Salomon Brothers, according to Mr Rothschild, made more money than all 90 firms on the London Stock Exchange pnt together.

> Behind the hectic activity lies Mr Rothschild's belief that the City is heading for a period of radical change

"If you get left behind too far, you will find it increasingly difficult to attract good people and keep them," he says.

Charterhouse's Mr John Hyde, who will be chief executive of the new group, waxes lyrically about the opportunities which will be opened to it. These are said to include the scope for servicing the U.S. investment hank'a clients in the international markets, and for security and financial trading opportunities between London and Wall Street.

"Everything fits," he declares. "There'a no hlood on the wall."

The benefits that might flow from an enlarged network of contacts are illustrated in the way this merger happened in the first place. Rothschild, Unterberg, Towbin has had connections for some time with Charterhouse's U.S. development capital interests, and it was Mr Bob Towhin who first suggested the idea of a link-up to his UK associates.

Further down the road, both sides have an eye to the upheaval in the City of London which has been made all but inevitable by the decision to abandon minimum commissions on the Stock Exchange.

Mr Rothschild thinks this will create a compelling argument for increasing the level of outside ownership in Stock Exchange member firms, and for abolishing the 2 per cent stamp duty—or at least for extending the exemption currently enjoyed by johbers from the duty to take in all market makers. That would create a rush for good traders in London, and thanks to the U.S. connection, "We are already practising in the nets."

Abolishing stamp duty would undermine the distinction between brokers and johbers, and make it even more likely that the days of single capacity are numbered. Security firms with a large capital base would have bead start if the London stock market really is to be opened up in this way.

These views are widely held in the City. Indeed, Charterbouse had apparently been thinking independently about linking up with another group—and it says its thoughts had turned to RIT even before the merger approach.

Other merchant banks have been developing contingency plans, and it is perfectly possible that yesterday's announcement will spur on other transactions.

However, there are obvious questions about attempts to integrate financial services in this way. Others have tried and failed — a recent example being S. G. Warburg's decision to pull away from its links with the U.S. firm, A. G. Becker.

The two sides in yesterday's deal certainly have very different personalities. The RIT camp is filled with rather glamorous individuals: along with Mr Rothschild himself, it includes the likes of Mr David Montagu, who left Samuel Montagu after it was taken over hy Midland Bank and then led Orion Bank for six years, and Mr Gilbert de Botton, who used to look after the Rothschild family interests in Zurich and New York.

The Wall Street firm has some classy characters too. Half a dozen of them will be paid more than $1m a bead this year — before drawing their profit share in the partnership.

The Charterhouse team is quite entrepreneurial — for instance, it put together the consortium that bought out Woolworth in the UK, and has been working on schemes to bring private capital into road building. But it has a much lower profile, and has never been rated in the first rank of merchant banks. Following a merger with Keyser Ullman in 1980, there was a whole series of senior management changes until Mr Hyde — a career hanker who joined the company from Chemical Bank — took the reins last year.

"We need them and they need us," Mr Hyde says firmly. With everything to play for, the City will be fascinated to see bow they all settle down together.

THREE COUNTRIES COMPARED

Market Capitalisation £m at July 1983

UK		U.S.		JAPAN	
Merchant Banks		Financial Services and Brokers		Securities Firms	
Kleinwort Benson Ltd	235	American Express Co	4,800	Nomura Securities Co Ltd	3,278
Hill Samuel & Co Ltd	184	Merrill Lynch & Co Inc	2,648	Nikko Securities Co Ltd	1,356
Charterhouse Group Ltd	171	Phibro-Salomon Inc	1,392	Daiwa Securities Co Ltd	1,219
Mercury Securities Plc	165	E. F. Hutton Group Inc	779	Yamaichi Secs Co Ltd	1,046
Hambros PLC	122	Paine Webber Inc	430		
Schroders PLC	95				
	972		10,049		6,899

Source: Jacob Rothschild

Charterhouse: a growing reputation

THE CHARTERHOUSE Group was established in 1934 starting life as a provider of development and longer term capital for private companies. The group has currently over 125 investments in the UK, Europe and North America. They range from minority holdings in private as well as listed companies to majority holdings and wholly-owned subsidiaries.

In 1954 the group acquired S. Japhet and Company, a private banking house founded in Frankfurt in 1880. The bank, now Charterhouse Japhet, provides a wide range of merchant hanking services. It manages £500m of clients funds, has shareholders' funds in excess of £65m and total assets of over £885m. In halance sheet terms, the bank, which is a member of the Accepting Houses Committee, ranks tenth in the league of City merchant hanks. In size it stands ahead of Baring Brothers and hehind Lazard Brothers.

Until it put together the institutional takeover of Woolworth, the UK high street retailing chain, in a £310m bid last year, the bank was not ranked as a serious contender for a place in the top league of takeover management. But since then its reputation has been growing.

In 1980 the group acquired the controversial merchant bank Keyser Ulmann Holdings for approximately £37m. It floated in the same year 51.6 per cent of Charterhouse Petroleum, its oil exploration and production subsidiary realising £27.5m after costs. And it sold its Glanvill Enthoven insurance broking subsidiary for £11.7m.

Since its formation in 1973 and as at December 1982 Charterhouse Group International Inc, the group's U.S. development capital subsidiary, had invested $12.7m of its own capital in leveraged buy-onts.

The move to merge the two gronps yesterday was greeted with some enthusiasm in the City yesterday. "Everyone has been critical of the accepting houses not moving into the wider world of financial services faster than they have," said one stockbroker. "This will be the first London investment banking house which will be in a position to compete with other international rivals."

John Moore

Springs

Men & Matters

British Airways' take-off

Sir John King's management shake-outs have certainly turned British Airways' departure lounge into a prolific source of supply for the head-hunters.

Former head of BA's European division, Peter Hermon, it will he announced today, is to become managing director of Tandem Computers' UK operations.

He will be the third of BA's one-time senior executives to be placed hy Tyzack's "search and selection" team since Sir John's staff purges in the summer.

The others are former BA deputy chairman, Roy Watts, now installed as head of the Thames Water Authority; and Charles Stuart, once head of BA's industry affairs, and now chief executive of Brymon Airways.

Hermon, 55 later this month, is the man who computerised BA's operations.

He began his career with Leo Computers in the 1950s, then managed Dunlop'a computer division for six years hefore joining BOAC in 1965 as director of information handling.

When the state airlines were merged as British Airways in 1972, he took over as head of the groop's management services. Sir John King appoioled him to run the European division in 1982—but barely a year later found himself out of a joh after another sweeping reorganisation.

Hermon now returns to compnters—and, in Tandem, joins one of the fastest-growing companies in the industry.

Founded less than 10 years ago in California by James Treybig, its virtually failure proof NonStop systems have boosted turnover from $7.7m in 1977 to $335.9m last year.

Treybig's swinging entrepreneurial style stands out even in Silicon Valley. There are no fixed working hours for his staff and he has provided them with a swimming pool. People who are really interested in their work, he says, only stop when the joh is done.

"Last week it was a crash course in German—now we've got to learn to smoke"

Right image

President Reagan and the Repuhlican Party will have to fight next year's U.S. elections without the help of Mrs Thatcher's chief image makers —the Saatchi and Saatchi advertising agency.

The Republicans had shown a keen interest in having the Saatchi team on their side. So keen, in fact, that Saatchi'a gave Republican officials a special presentation at Conservative Central Office during the British general electioo of its techniques and strategy for re-electing Mrs Thatcher.

Her subsequent landslide victory reinforced the Republicans' determination to get the Saatchis involved in their campaign next year.

The Saatchi brolhers, Maurice and Charles, were no douht temped hy the idea, especially since they have ambitious plans for a listing on the U.S. over-the-counter market following the eggressive acquisition of a couple of Madison Avenue agencies in the past 18 months.

A flying visit to the U.S. by Maurice Saatchi helped fuel speculstion that an announcement was imminent. But wiser counsels have prevailed. Saatchi's London office has officially ruled out the idea.

Saatchi's, it seems, had douhts whether it would be good for its own image to be seen too firmly ensconsed at one end of the political spectrum.

Field day

Old tractor spotting is going to be more popular than bird-watching in the country this weekend.

Massey-Ferguson is offering an overseas trip and a new tractor to whoever comes up with the oldest M-F (or predecessor company) machine still in operation.

It is part of the company's plan to celebrate the centenary next year of the hirth of Harry Ferguson.

The idea comes from a similar search last year for the oldest Perkins engine as part of the 50th anniversary celehrations of the M-F subsidiary.

Perkins, with relief, eventually found a 1934 engine in Southampton. The oldest reported hefore that, was on a boat in the Falklands

Bottom dollar

More thoughts on the origins of the Eurodollar market. One-time foreign exchange dealer Guy Field supports the view that it was the Russian bank in Paris, the Banque Commerciale pour L'Europe du Nord, that first began lending-on its surplus dollars.

These early deposits, Field believes, were the result of the hreak in relations between the U.S. and China. When China's assets were frozen by the U.S. Peking decided to place its surplus dollar balances with the "friendly" bank in Paris.

As for the term "Eurodollar," Field suggests it was first used ebout 1960 hy one of financial journalism's elder statesmen, Paul Bareau, in a lecture.

Andreas Prindle, vice-president of Morgan Guaranty Trust, however, aays that the first mention in print was by the late Paul Einzig, an FT correspondent, in an article in The Banker in January, 1960. That was nine months before William Clarke used the term in a Times article.

Work wonders

The Independent Broadcasting Authority's ban on the Greater London Council's slogan, "Working for London," adds a little more zest to an already piquant political mix.

Since the Government's decision to abolish the GLC, Labour leader Ken Livingstone, has become the very model of a moderate politician.

Even his attitude to the monarchy has changed. Having declined an invitation to their wedding, he favoured the Prince and Princess of Wales to open the much-delayed Thames Flood Barrier, now completed at a cost of £732m—e mere £500m more than the original 1973 estimate.

Livingstone, however, deferred to the democratic decision of workmen on the site, who voted overwhelmingly for the Queen. She accepted immediately—and with enthusiasm, it is said.

All this means that next May, the Queen and Livingstone will be standing shoulder to shoulder on a platform, surrounded by an array of Tory ministers, under the largest "GLC Working for London" banner yet devised.

And in attendance will be the TV and radio crews barred by the IBA from repeating the slogan.

Observer

POLITICS TODAY

The Treasury's trial balloon

By Malcolm Rutherford

A SENIOR Cabinet Minister is now taking bets that Mrs Thatcher will break the political records by becoming the first British Prime Minister this century to win three general elections in a row.

I think he's wrong. Much the more sensible course would be for Mrs Thatcher to retire gracefully in a couple of years or so, having accomplished at least something of what she set out to do. The fact that Prime Ministers do not normally voluntarily relinquish power—the now Lord Wilson is the exception—is *not in itself* sufficient evidence that this one will stay on for more than a decade. Surely the lesson is to go while the going is good, so that a successor can be established well before the next general election.

Yet in another way he is right. The prospects for this government look much better than the chapter of accidents of the last few weeks suggests. While everyone has been looking at Mr Parkinson, Grenada

Maybe the turning point is being reached

and cruise missiles, something else has been becoming clear: the economy may be recovering. The political consequences of that could be profound.

Take first the latest evidence from the Confederation of British Industry, which holds its annual conference in Glasgow next week. It would be hard to read its latest Trends Survey without coming to the conclusion that there is at least some evidence of a steady resumption of business confidence throughout this year.

Here are some examples. The number of companies reporting a rise in costs per unit of output is the lowest for 20 years. Again, as many as 34 per cent of respondents expect to raise investment in plant and machinery in the next 12 months. Only 22 per cent expect a decrease. There is an appreciable rise in expectations about export orders. The recovery, which started at the consumer goods level, may be spreading to the capital goods sector.

And if the CBI's unemployment forecasts for manufacturing industry still point upwards, that is not quite the whole of the story, for manufacturing industry is by no means the whole of the economy.

The CBI tends to focus on the older companies. And quite apart from what happens in the black economy, it does not easily pick up those which have been coming onto the Unlisted Securities Market. (There have now, incidentally, been so many measures designed to promote small businesses that the government intends to take stock before introducing any more.)

The Economic Outlook published by the London Business School this week was again rather bullish. It notes that, outside the manufacturing sector, employment is already starting to rise and it has revised upwards its forecast of total employment. Registered unemployment, it says, should reach a peak next year and decline slowly over the period to 1987.

There is some external evidence to support this relative optimism. The government, after all, has been notably successful in its efforts to reduce inflation. There is no *great noticeable* pressure on the wages front, as there has been in the past: the interesting trend is that some settlements are higher than others presumably reflecting a capacity to pay.

There is the American recovery and there may be a recovery in continental Europe, all of which should help the British economy. It has been some time since the last oil crisis, so a measure of stability has returned.

Besides, the visible or anecdotal evidence always was that the economy was never quite as depressed as it was supposed to be. Look at the supermarkets and the shopping centres. So we ought not to *assume that relative economic* decline will always continue merely because that is what we have become used to. Maybe there is a turning point, and maybe it is being reached.

The basic outlines of the government's *economic policy for* the next four years are already fairly clear. They were laid down in the speech by Mr Nigel Lawson, the Chancellor of the Exchequer, at the Mansion

John Moore, Financial Secretary to the Treasury (left) and Chancellor of the Exchequer Nigel Lawson

House on October 20 and, in less detailed form, bave bean repeatedly stated in the *House of* Commons.

The Chancellor wishes to maintain the downward pressure on inflation—"the aim is price stability," he said. People laughed at his predecessor Sir Geoffrey Howe, when be said much the same thing, but they were proved wrong. Inflation did continue to fall. It is not self-evident that Mr Lawson will prove any less successful in this particular aim. Possibly expectations are beginning tn change.

The second aim is to stick tn the already established targets for public expenditure over the next few years. There are still some batiles to come, perhaps especially over defence.

But again there is no reason to believe, on the basis of past evidence, that the Treasury will not win. It is worth remembering that when the now Sir John Nott was Defence Secretary the main reason why he became disenchanted with politics was that the Prime Minister sided with the Exchequer over defence spending. The bulk nf the evidence of the Thatcher administration is that the Treasury gets tougher. Those who argue with it tend to lose.

The third aim is the reduction of taxation before the nsxt election. *If revennes* turn nut to be more buoyant than expected, that will be a bonus to be given away in greater tax cuts. It will not be an excuse for increasing public expenditure.

The preferred route to reducing taxation is by raising the threshold at which people pay. Mr Peter Rees, the Chief Secretary to the Treasury, who gave thet guidance at the Tory Party Conference in Blackpool last month is now back in *favour, partly* because he is said greatly to have increased his workload, but also because—as a result—he is doing better et keeping expenditure nn target.

Yet if those are the broad aims which will be generally adhered to, there is another matter nn which the government is so far much less decisive. That is: are the reduction of inflation and the control of public spending enough for a self-sustaining recovery? Mr Lawson has said they are not. There must be much more emphasis on strengthening market forces and increasing competition.

Thus the speech by Mr John Moore, the Financial Secretary to the Treasury, to a group of London stockbrokers this week was of more than usual interest. It was called "Why privatise?" and was clearly intended tn give the case in favour.

On the face of it, it mnst have been one of the most devastating speeches by a Treasury Minister for some time. All the tough language was there: not all of the nationalised industries have "natural monopolies," "poor performance," "the heart of the matter is that a nationalised industry does not have to succeed in order to survive," and finally, "no state monopoly is sacrosanct."

Some of the more vivid parts of it would have gone down well at e Tory Party Conference. For instance: "It has always struck me as rather revealing that the pbone numbers of British Gas showrooms ere not listed in public telephone directories and it is impossible for customers to obtain them. Would it be concelvable for Currys or Comet to run their husiness in this way?"

Looked at more closely, however, the speech was remarkahly short on specifics. It was also distinctly populist and it said very little abont precisely which state enterprises should he privatised, and how. Regard it as a trial balloon.

That *is* the *government*'a dilemma. It hasn't yet decided how much further to go down the privatisation path. It is embarrassed by accusations that all it is doing to British Telecom is transferring a monopoly from the puhlic to the privata sector, thongh it hopes that new technologies will help to diversify competition. But it is not quite sura what to do next and is still involved in some of the old familiar problems, like bow tn fund existing state industries.

Rolls-Royce is an example. The government would like to seli it back to the pnhlic, possibly before tha next general election. Meanwhile, the company is seeking money for the development of a new project —the V-2500 engine. You can hear the debate going on between Ministers and officials. "Well, it is a collaborative project. And this time the Japanese are in as well. And the new management does seem to be much better—much more cost-conscious—than its predecessors." There is a tendency in the government to try to back men in the nationalised industries—such as Mr MacGregor—*rather as its predecessors tried* to back winners.

At the same time, somebody else—possibly the same person debating with himself — will say: "But perhaps we, as a radical government, ought tn be contemplating the possibility that Britain, or at least the state, should go out of aero-engines altogether, without any greet loss?" The problem has not yet been resolved, and perhaps the most likely answer is that Rolls-Royce will be given about half the money that it wants: another not unfamiliar compromise.

Mr Moore argued—and there is no reason to believe that he was not representing the Chancellor's voice—that every successive government attempt at improving the control mechanism over the nationalised industries had failed. "Governments of either major party," be said, "bave attempted to compensate for the lack of market forces hy imposing surrogate market forces on the industries." But none of them had provided a long term solution.

More emphasis on strengthening market forces

How far the present government will cope remains an open qnestion, and perhaps there is no final answer. But it is facing up to the problem, and there are four years to go. The pity is that the Conservative Party did not put it more plainly in its election manifesto. For one of the nationalised industries on which Mr Moore has the strongest case is coal.

It is in no sense a natural monopoly. It *would make* both economic and social sense to privatise the pits. But that, one is told, is out of the question until after the next election. Meanwhile, the most likely candidates are a bit of BL, the royal ordnance factories, the warship building part of British Shipbuilders, and some airports.

Still, even if the least radical side of the government prevails and the emphasis remains only on *controlling inflation* and public expenditure, there could have been a major shift in the way people look at the state and the economy by 1988.

Lombard

'We have to go on or opt out'

By Geoffrey Owen

"IF WE don't support this project, it will be the end of the British industry." This has been the clinching argument which has persuaded Ministers over the past 25 years to invest public money in a succession of uncommercial civil aircraft and aero-engines. The same point is being made ebout current proposals for the 150-seeter Airbus and new Rolls-Royce engines.

Concorde was a massive commercial failure. Yet the case for it, as put to the Cahinet in 1961 by Mr Duncan Sandys, Minister of Aviation, was: "If we do not go in for the next generation of civil aircraft we might as weli pack up the British industry. We have to go on or opt out." Another Minister, Mr Julian Amery, told the House of Commons that without the supersonic airliner "our industry would slip back from the front rank of aircraft constructors and that would have a serious effact on the economy of this country."

It was much the same with the RB-211, which led directly to the hankruptcy of Rolls-Royce. The management helleved thet without the RB-211 and an American order "Rolls would bave very rapidly run downhill to the point where tha company would hardly have been viahle." The chairman said: "*Building a new engine* would not guarantee we stayed in husiness. Not huilding one would certainly guarantee that we went out of business." The pessimistic view of Rolls' future without the RB-211 was questioned later, hut in 1967, when the crucial decisions were taken, Mr Tony Benn, Minister of Technology "accepted the basic argument that without the RB-211 there would be nn future for the British eero-engine industry."

For Mr Keith Hayward, from whose book these examples are ouoted, the surprising thing is that politicians still cling to the need to present their actions in this field as being commercially sensible. Only two post-war civil projects, tha Viscount and the Dart engine, bave repaid the puhlic fonds invested in them. A study made in 1974 showed that, against government contributions of £1.5bn to the launch of civil aircraft and aero-engines between 1945 and 1974, receipts at that time amounted to only £142m.

Why has so much public money been invested in a sector wbich bas shown consistently poor returns? Part of the answer lies in what Hayward calls the institutional commitment to aerospace, greatly *strengthened by the creation* of the Ministry of Aviation in 1959. "The MoA was a formidable, sectionally orientated department, staffad by experts and technological enthusiasts, willing and able to promote the interests of the industry."

The institutional bias towards civil aerospace survived changes of government and changes in departmental structure — the Ministry of Technology, the Department of Industry and now the Department of Trade and Industry, (headed, incidentally, by an ex-pilot). The presence of a solid group of officials and scientists devoted to the promotion of the industry has ensured thet the civil sector gets a sympathetic bearing in government.

The main non-commercial arguments for investment in civil aerospace concern jobs and technology. Critics argue that these benefits could have been secured more cheaply in other ways and that the industry bas absorbed too large e proportion of the nation's technical resources. Yet no government has seriously considered abandoning the principle of supporting civil aerospace. As Hayward says, "there is a strong perception that aerospace is the kind of industry that the UK must bave in order to survive as a manufacturing nation."

Will the free-market Thatcher Government be any different? Prohahly not, hut Ministers should at least be prepared to submit their decisions to wider scrutiny than in the past. With very larga sums likely to be committed to new projects, now seems a good time for a full public debate about why we are doing it.

Government and British civil aerospace, by Keith Hoyward, Manchester University Press. £22.50.

Letters to the Editor

Car price difference in the EEC

From the President nf the Society of Motor Manufacturers and Traders

Sir,—Mr Crowter (October 28) claimed that motor manufacturers charge "unjustifiably high prices" for cars in Britain. The EEC's Econnmic and Social Committees (ESC) in its recently published Opinion on Mntor Vehicle Distribution and Servicing Agreements noted that "*prices vary considerably* from time to time and from area to area in the EEC." However, the ESC ettributed these price differences largely to *price controls* in certain member states and the failure to *complete the process of European* integration, particularly in the fiscal and monetary fields. The Commission itself has recognised that prices cannot be harmonised where there are price controls or where motor vehicle taxes are particularly severe.

The motor industry contends that a common market in cars cannot be created for as long as differences exist in national governments' fiscal and economic policies, and for as long as exchange rates fluctuate between EEC member *countries*. In 1976 the price of an identical Ford car was 37 per cent higher in sterling in Germany than in Britain. Since 1979, when sterling strengthened as a result of North Sea oil and ceased to reflect Britain's relative economic performance and rate of inflatinn, sterling prices have been higher in Britain. The list price of a Ford Escort XR3i is about 14 per cent higher in *sterling than in Deutsche Marks* at current exchange rates. Taking into account that in Britain the list price is generally not the price paid by the consumer because of trade-ins and discounts, the price is much the same in the two countries.

I have used West Germany as an example quite deliberately. Price comparisons are usually made between Britain and Belgium or Denmark. Belgium accounts for little more than 4 per cent of EEC car sales, while Denmark accounts for about 1 per cent. Germany, France, Italy and the UK account for 88 per cent. Belgium has had a system of price controls since the war and car purchases in Denmark are subject to taxes of 175-215 per cent of the invoice price. For these and other commercial reasons, car producers have adopted special pricing policies in those countries in order to retain a foothold in the market while hoping for better *returns* in the future.

Mr Crowler also implied that the prices paid for cars in Britain contribute to high motor industry profits. What profits? However, the European motor industry must be eble to fund substantial new investment on a continuing basis if it is to be competitive. In 1979 six out of eight major European car manufacturers reported profits. In 1982 only two reported profits and one broke even. The European car market is very competitive with six manufacturers each with between 9.2 per cent and 14.6 per cent of new car sales in 1982, the Japanese car makers took a total of 9.2 per cent in the same year. Any attempt by the Commission to impose price controls of any kind is not only damaging to business activity and the consumer, hut also contrary to the spirit of the Treaty of Rome.

George Turnbull,
Forbes House,
Halkin Street, SW1.

Crop from an FT's page

From Mr D. A. Rees

Sir,—We were pleased to read of your correspondent'a experiment with using copies of the "Financial Times" to line the trenches for her runner beans (Letters, October 29). As a long time supplier of newsprint to your publication, we take a modest pride in her success.

May we venture to suggest that the quality which distinguishes the "Financial Times" is the eminence of the printed word npon the page. Having first enjoyed that, the quality which then assisted your correspondent's remarkable crop was that of the page itself.

Your readers may be interested to know that the ecological end-use of newsprint as a moisture retaining material for the soil is slowly growing. The fact that in many cases a proportion of the pulp from which it was made came itself from recycled newsprint means that the loop has been closed, with a small pirouette along the wey.

D. A. Rees, Secretary.
Bowater Corporation,
Bowater House,
Knightsbridge, SW1.

Civilised behaviour

From Mr Berthold Goldman

Sir,—I read with great interest Mr Hermann's paper on the 60th anniversary of the International Chamber of Commerce, "An arbitration tale of two cities" (October 20).

I was of course tonched by the much too flattering phrase of your Legal Correspondent calling me "the highest academic authority in France" (on arbitration matters). But I *was frankly surprised* to read that according to my supposed statement "international public policy" (the infringement of which would enable annulment of awards by French courts) "could be better described as *public policy* in international relations," which means that French courts "will take into account requirements of French foreign policy as represented by the 'Ministère Public' taking part in French civil proceedings."

I did not say and I could not have said anything of that kind. I am sure Mr Hermann knows perfectly that the legal concept of "public policy" (in French *ordre public*, a phrase frequently found in the English legal doctrine as well) has nothing to dn with *foreign* policy. In particular, when characterised as "*international* public policy," it embodies the fundamental principles of French civilisation (such as hnman rights, personal liberty, exclusion of discriminations based on sex, race or religion, and the like) which are in fact common to the legal systems of all civilised nations, and in particular of England. It is only where an international award violates such principles that a French court would annul it, or refuse its enforcement in France.

Berthold Goldman.
Universite de Droit,
D'Economie et de Sciences
Sociales de Paris.

Money for the job

From Mr P. M. Brown

Sir,—Like most small businesses we are pleased to know that the Treasury is insisting on two vital suggestions in the Megaw Commission's report on Civil Service pay comparators: that they should be exclusively private sector and include a substantial number of smaller companies.

As statistics on private sector rewards are needed by March, could we suggest that the Office of Manpower Economics should seek such comparative information, or information sources, from the np-to-date information on existing data banks.

This will save time, money and trouble. From our contracts with 600 data supplying employers, we would guess that, subject to security on earnings by named individuals, they would he very willing to assist in *implementing* Megaw's recommendations of which they heartily approve.

P. M. Brown,
Director,
Reward Regional Surveys,
1 Mill Street,
Stone, Staffordshire.

Sharing out the profits

From Mr D. Wallace Bell

Sir,—Over the past few years the managements of many firms have argued that owing to their low levels of profitahility, or *often* their *overall* losses, they could not afford wage increases which kept up with the cost of living, and this has generally been accepted, however reluctantly, by their employees. Now that profit levels in many companies are improving, sometimes if only because they no longer have to meet heavy redundancy costs, they are liable in the next wage round to face demands for rises to bring wages hack to their previous levels in relation to the cost of living, and in other firms the argument of "comparability" would doubtless then be renewed.

The danger is of course that this path would lead to a new spiral of inflation and recession. And it has to be accepted also that those who are in employment have the burden of maintaining in goods and services they might otherwise themselves be enjoying the 3m who are unemployed.

Nevertheless it is right and fair that employees who by their past sacrifices and current efforts have contributed to their firm's survival and now renewed prosperity, should share some of the benefit. Experience shows that this can often be echieved in a mutually acceptable way hy having, in addition to negotiated wage rates, e well designed profit sharing or other gain sharing plan. And in companies where it is practicahle, if this can be paid, or better still the option he provided for it to he taken, in the form of shares under the provisions of the 1978 and subsequent Finance Acts, it also gives the opportunity for employees to share in the firm's future prosperity through capital appreciation. This is certainly the time when many more companies should ba thinking seriously about profit sharing.

D. Wallace Bell.
Director,
Industrial Participation Association,
85, Tooley Street, SE1

No smoke without fire

From Mr Michael Colston

Sir, — The advertisement placed by the Tobacco Advisory Council in your journal on *October 26 states* that seven out of 10 non-smokers do not object to people smoking. I find this claim very difficult to believe unless the respondents meant that they do not object to other people smoking "in the privacy of their own bomes" nr "in the open air."

Despite the increase in the proportion of non-smoking seats on trains and aircraft, it is becoming increasingly difficult to get in to the non-smoker. Moreover, many of the travellers in the non-smoking section admit that they are smokers hnt object to smoking "en masse." In short, it may well be thet seven ont of 10 smokers do object to other people *smoking!*

Michael Colston.
PO Box 15, Henley-on-Thames,
Oxfordshire

Funding of the arts

From the Director of the Crucible Theatre, Sheffield

Sir,—In your two articles on the arts recently, you rightly praise the Priestley report for *its support* of the idea that the are are underfunded, hut perhaps don't give enough consideration to just how disturbing is the idea that the government should take over the funding of certain bodies direct.

This proposal needs to be seen together with the decision to disband the metropolitan councils, to fully comprehend the threat to future arts funding.

There are many regional theatre organisations, including ours, who stand to lose considerahle subsidy when the metropolitan horoughs are demolished. Only one of these, the Royal Exchange, has heen named to be "rescued" by the government: perhaps the next step is for this too to be funded direct.

The future for the Arts Council and its remaining clients is easy to foresee. Without its major clients it loses any clout it may still have; all too easy then to gradually devolve all remaining clients to be the responsibility of the local euthorities, and the Arts Council disappears altogether.

It is crucial that the national subsidised companies refuse the temptation to accept direct government funding, and that the Arts Council fight for these companies affected by the metropolitan reorganisation. Otherwise, caught between these two ects, the Arts Council and the *remaining subsidised companies* will disintegrate.

If they disintegrate, the theatrical life of both the regions and the West End, which feeds off of both the regions and the West End, which feeds off the subsidised companies, will spiral downwards, so that we get even nearer to an "efficient" country thet no ona wants to live in.

Clare Venables.
Norfolk Street,
Sheffield.

FINANCIAL TIMES

Friday November 4 1983

Dutch police to escalate public pay campaign

By Walter Ellis in Amsterdam

THE DUTCH Police Federatioo yesterday announced that it would begin a series of work-to-rule actions next Mnnday if the Government did not relent on its undertaking to reduce public sector pay by either 3 per cent or 3.5 per cent from January 1.

The implied threat to public safety and order represents a further escalation of the anti-government campaign, and Mr Frederik Korthals Alpes, the Justice Minister, immediately applied for a court injunction to prevent the work-to-rule from going ahead.

Civil service unions were meanwhile discussing how best to step up their protest hut appeared ready to stage an initial series of national strikes lasting between 24 and 48 hours.

From Monday, due to a planned series of strikes in sorting offices, there are to be no more deliveries of mail in the Netherlands. Post office and telecommunications workers are already operating a work-to-rule, which has upset the international telephone and National Giro systems.

Increased action io this area could prove crucial to the union's plans, which are aimed directly at the heart of government policy.

Many demonstrations were held throughout the country yesterday. Some towns and cities were without public transport, and this will continue until the weekend.

Mr Koos Rietkerk, the Home Affairs and Civil Service Minister, was prevented hy an angry crowd of officials from leaving Government House duriog a visit to the province of North Brabant.

The strikes and other forms of industrial achoo are rapidly huilding in lotensity and represent the most serious challenge to any Dutch Government's ecooomic strategy since the early 1960s. If the civil servants do embark on a sustained programme of disruption, eoding in a prolonged national stoppage, the struggle is bound to be bitter and to leave its mark on wage negotiations for years to come.

The cuts are central to the Government's medium-term economic strategy of reducing the size of the growing hudget deficit. This year the deficit is expected to be around 11.5 per cent. The target for 1986 – cootingent on more puhlic sector pay cuts over the next two years – is 7.4 per ceot.

Mr Ruud Luhbers, the Christian Democrat Prime Minister, and his more hard-line coalition partners in the Liberal Party are already divided oo the issue.

The Liberals want social security payments to be cut next year hy a greater margin than has been finally agreed for public sector wages, but the Christian Democrats wish to maintain a close correspondence between the two.

An emergency debate was due to be held in parliament last night, with the opposition Labour Party determined to force the Government to make concessions.

Mr Rietkerk may feel that he has made all the concessions he can without abandoning bis policy altogether. He told union negotiators on Wednesday that he would be prepared to reduce the cuts from 3.5 per cent to 3 per cent in return for their co-operation.

He said that the effect of a 3 per cent cut in gross salaries would be to leave the net incomes of those earning less than Fl 70,000 ($23,606) a year almost unchanged, as social premiums, as well as most benefits, are scheduled to be cut from January 1.

The unions were unconvinced. They argued that the Minister could not disguise the fact that a wages standstill coupled with inflation – now running at an annual rate of 2.5 per cent – would leave their members worse off than at present. And with income tax set to rise, the effect overall would be worse again, they said.

Rumsfeld becomes new U.S. Mid-East envoy

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday appointed Mr Donald Rumsfeld, a former Secretary of Defence, to be his new special Middle East envoy. Mr Rumsfeld replaces Mr Robert McFarlane, who was named National Security Adviser two weeks ago.

Mr Reagan also told a brief news conference that U.S. objectives bad been achieved in Grenada, and said that U.S. forces would be withdrawn over the next few days "as soon as the logistics permit."

Asked whether he might contemplate similar military action elsewhere in the regioo, giveo the success of the Grenada invasion and the support it had received from the U.S. public, Mr Reagan replied: "I doo't foresee any similar situation on the horizon."

Mr Rumsfeld, 51, who had been widely tipped for the Middle East post, is a moderate Republican with close ties to Mr George Shultz, the Secretary of State, and Mr James Baker, the White House Chief of Staff. Mr Shultz was reported to have wanted him to be National Security Adviser instead of Mr McFarlane.

Mr Rumsfeld was Secretary of Defence between 1975 to 1977 under Presideot Gerald Ford, and has also served as a Republican congressman, U.S. ambassador to Nato, and Mr Ford's White House Chief of Staff. He is now President of G.D. Searle, a Chicago-based pharmaceuticals company.

Mr Rumsfeld said he would not leave for the Middle East immediately, but would take some time first for hriefings and discussions in Washington. His first priority will be to tackle the complex prohlem of Lebanon, including the role of the U.S. marines, and the national reconciliation negotiations now under way in Geneva.

Mr Reagan said that he hoped the Geneva talks would add momentum to the search for a wider regiooal peace in the Middle East. The best chance for an overall solution remained his peace proposal of September 1 last year, in which he called for Palestinian self-rule in associatioo with Jordan, he said.

Oo Greoada, Mr Reagan set no specific deadline for the departure of all U.S. troops, although other U.S. officials indicated that some military units might remain for at least another two weeks. Military spokesmen said that about 2,300 American troops would return to the U.S. in the coming days, leaving about 3,000 U.S. servicemen on the island.

Mr Reagan praised U.S. soldiers killed or wounded oo Grenada as "heroes of freedom". He said that hostilities had ceased on Wednesday afternoon, eight days after U.S. forces landed

Mr Reagan responded angrily to questions drawing attention to criticism of the U.S. action. "Oh, for heaven's sake," he snapped when asked to explain how the Grenada invasion diffared from Soviet intervention in Afghanistan.

The Soviet Unioo in Afghanistan had "used every vicious form of warfare, including chemical warfare, the killing to women and children... and they're still there." he said.

Why James Watt incurred the wrath, Page 4

UK leaves door open for involvement in Grenada force

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday beld out the possibility that the UK might participate in a British Commonwealth security and police force on Grenada.

The Government's view remains that any involvement by British troops or police would be very limited, both in size and duration, but Sir Geoffrey told the House of Commons last night that the UK would "respond positively" if asked to contribute to an interim security force or to policing arrangements oeeded to return the Caribbean island to democratic life.

He said Commonwealth assistance with an interim security force and with policing oo the island had both been suggested. "I have seen the Secretary-General of the Commonwealth twice in receot days and he is now pursuing his discussions in New York. We are in close touch with Commonwealth missions there and with the Govenor-General in Grenada."

It would be important for any security force "to have a properly constituted structure of command, clear objectives and a time-frame within which its mission must be accomplished. If it is to operate effectively it will also, of course, need the active support of the interim administration of Grenada and of other states in the Caribbean."

Britaio would help in the task of reconstruction and economic development, he said. A high level team of advisers, including aid experts and the regional police adviser, should arrive in the island today to assess the positioo and to make proposals. Britain had also resumed its bilateral aid relationship with Grenada, which would involve capital assistance as well as technical co-operation.

Sir Geoffrey also strongly defended the Government's stance on Grenada during the last fortnight, which has brought him strong criticism from a wide range of Conservative MPs. He emphasised that Britain was no longer an imperial power, hut "we are a deeply respected country. That respect is based on our tradition of law and fair dealing."

He added: "We took the view that our participation in military interventioo was not justified. We hold to that view.

"But we are oot prepared to condemn, oor will we condemn, the U.S. and the Organisation of Eastern Caribbean States for the action they took."

Dealing with East-West relations, the Foreign Secretary admitted that there was little prospect of an agreement oo intermediate nuclear weapons being reached before the end of the year. But he maintained that Britaio had not slammed the door on further negotiations.

Italians win Nigerian deal

BY OUR LAGOS CORRESPONDENT

THE NIGERIAN National Petroleum Corporation has awarded a contract worth some $250m for a 340 km gas pipeline to an Italian consortium including Saipem and Snamprogetti, both arms of the ENI group.

The cootract is the first and most important in an estimated $500m three-part project to deliver gas from Escravos in the south east delta region to the capital, Lagos. It involves the construction of a 36-inch diameter single gas pipeline transmission system from Warri to the Igbin thermal power station, currently being constructed near Lagos.

The pipeline is one of the most important cootracts to be awarded this year in Nigeria, where new investment has been sharply cut back as a result of the country's oil-related ecooomic crisis.

The contract was won against strong competition from a joint venture of Nacap of the Netherlands and Spie Batignolles of France, as well as from Techint of Brazil. The consulting engineer is Pencol International of the UK.

The contractors' financing arrangements are expected to be concluded shortly. The project is being mainly financed offshore through Euroloans. The World Bank is financing the second part of the project, which consists of the western gas-gathering system and construction of a gas treatment plant in Warri.

However, the third part of the project – the southern gas-gathering system – has reportedly been postponed.

Saipem and Soamprogetti recently won two contracts worth $400m for the construction of oil production facilities and a 900-mile oil pipeline in Sudan.

UK unemployment falls

Continued from Page 1

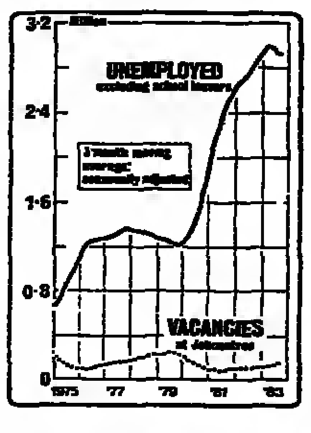
savage reality is that unemployment is here to stay so long as the Government refuses to take direct action to reduce it."

The Trades Union Congress said that the improvements were "superficial" and the figures were still "depressing." Mr Terence Beckett, director general of the CBI saw the rise in vacancies as an optimistic sign, but he added: "There is no room for complacency, particularly over pay."

In the three months to October, the average number of adults unemployed was 2.945m. That represented an underlying fall of 2,300, compared with the average for the three months to September. In the worst of the recession in the autumn of 1980, unemployment was rising by about 100,000 a month.

The number of unemployed adults would still be well over 3m without the special measures announced in the March budget, which removed 162,000 men aged over 60 from the unemployment register.

In addition, it is officially estimated that, in September, 613,000 young people were taking part in special government training or job-creation schemes. These schemes, together with early retirement, are estimated to have reduced the unemployment count hy nearly 400,000.



The main independent forecasters are now divided as to whether the future trend of British unemployment will be up or down.

Mexico will return 'to normal borrowing by 1985'

By Anatole Kaletsky in London

MEXICO will require only about $3.5hn of new financing from commercial banks in 1984 and will be able to return to normal "voluntary" borrowing from financial markets by 1985, Mr William Rhodes, senior vice-president of Citibank, predicted yesterday.

Mr Rhodes, who chairs the commercial hank advisory group responsible for renegotiating Mexico's dehts, said that the success of the country's adjustmeot programme should provide encouragement for other Third World borrowers.

It would lead the way, he said, to a gradual resumption of voluntary lending by commercial banks to developing countries, after the recent international debt crisis.

Some smaller banks were already saying that "they are glad we encouraged them to stay in" the Mexican leoding programme, Mr Rhodes told a conference on sovereign deht sponsored by the Group of Thirty, an informal group of leading bankers, in London yesterday.

He also stressed, however, that banks would have to accept lower interest rates and fees in future reschedulings of developing country debts.

Mr Rhodes said that he felt very strongly that a "lower pricing structure" for Mexico's 1984 loan package would be appropriate in view of the progress made in its adjustment policies. The Mexican Government "feels this even more strongly," he added.

Last mooth, Brazil negotiated a reductioo of one eighth of a percentage point in the interest rates on its medium term bank loans, and a cut in its rescheduling fee from 1.5 to 1 per ceot from the Brazilian Bank Advisory Committee, also chaired by Mr Rhodes.

While he would not specify the exact rates that banks would be seeking from Mexico for next year's loan, he strongly implied that Mexico would expect a better deal than Brazil.

The estimate of $3.5bo for new commercial bank lending to Mexico in 1984 is about $500m less than the figures quoted receotly by Mexican government officials.

Mr Rhodes said the difference reflected the improvement in Mexico's balance of payments and the probability that official export financing would be higher than previously expected.

After a drop of between 3 and 5 per cent in gross national product this year, Mexico might be able to grow by as much as 2 per cent in 1984 he said.

If economic conditions continued to improve, a voluntary bank loan to Mexico on normal market terms could be possible as early as the middle of next year.

Argentina's debt, Page 4

Two French groups suffer heavy losses

By Paul Betts in Paris

TWO MAJOR French companies have reported heavy first-half losses. Thomson-Brandt, the consumer electronics subsidiary of the nationalised Thomson group, reported a FFr 73m ($9.1m) loss for the first six months of this year.

But, after provisions of FFr 166m for losses from subsidiaries, Thomsoo-Brandt's total deficit for the first half was FFr 239m.

The company reported a profit of FFr 73m last year. Its sales in the first half grew by 3.2 per cent to FFr 4.6bn.

Thomson-Brandt's performance reflected the weakness of the consumer electronics market, especially in France.

Creuspt-Loire, the engineering subsidiary of the private Empain-Schneider conglomerate, saw its first-half loss swell to FFr 538m, compared with a half-year deficit of FFr 70.5m in 1982.

THE LEX COLUMN

Charterhouse on Jacob's ladder

The Chancellor's decision, announced yesterday, to publish public sector borrowing requirent (PSBR) figures on a monthly basis will be widely welcomed. The National Loans Fund has recently been playing havoc with central government borrowing requirement (CGBR) calculations, while waiting three months for the full public sector picture was scarcely to the taste of the gilt-edged market.

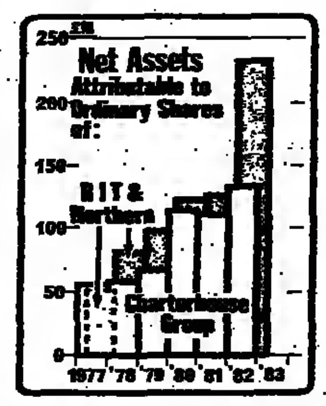
RIT/Charterhouse

Mr Jacob Rothschild has spent most of his working life trying to make two and two add up to five, so he must have been particularly gratified at the effect which yesterday's announcement of a proposed merger with Charterhouse had on the stock market. The Charterhouse share price jumped 14 per cent to 107p, while Mr Rothschild's company, RIT & Northern, added no less than 16 per cent to close at 236p.

The share price action will also have been watched with unusual interest by the City's financial community. The merger will not only create the largest investment banking group in the country; it will provide a yardstick by which to judge the legion of other combinations now being contemplated in the Square Mile.

As a transaction, the merger is fairly straightforward. A newly created company will allot equity to existing shareholders roughly oo the basis of present market capitalisations. Very hroadly, it looks as if Charterhouse shareholders may do better in asset terms – they contribute a third of pro-forma book oet worth and receive 44 per cent of the new equity – while RIT & Northern holders carry the day on income. They receive a dividend uplift of 55 per cent next year, while for Charterhouse shareholders the position is hroadly neutral.

The loss to RIT of its investment trust tax status should not concern shareholders unduly. The status was, if anything, acting as a constraint on the group's development and future tax liabilities should be small. The investment portfolio will be transferred to the new company at up-to-the-minute values, while between RIT's leasing and Charterhouse's tax losses in Keyser Ullmann, there will be plenty of stored-up shelter. And anyone who thought he was putting money in a straightforward investment trust through RIT should have been in Granny Boods in the first place.



The most conspicuous benefit from the merger will be a capital base strong enough to put the group on a competitive footing internationally. The new company will have a head start over other London merchant banks, for example, if single capacity in the stock market goes by the board.

Doing deals which expand the capital base has always been RIT's speciality, and group net assets have trebled since 1979. But, as indicated by a 19.4 per cent growth in basic earnings over the same period, the company has sometimes been less skilful at developing the businesses it acquires.

The theory this time is that the strategic wizards from RIT will neatly complement the solid Charterhouse managers. If history is any guide, that looks a brave forecast. So, for that matter, are the predictions of synergy, synergy everywhere between the two companies.

RIT has diversified principally through the acquisition of interests in a medley of financial companies belonging to the second division of their respective sectors. Its task now is to tidy up the investment holdings and seek promotion for a few of the teams.

Hoover

Hoover's U.S. parent is posting its proposed scheme of arrangement to the UK minority shareholders today, complete with a forecast of the UK company's 1983 profits. The subsidiary's third quarter results were posted yesterday, along with those of the parent, and they give some inkling of why so many weeks were apparently required to negotiate an agreed bid price between the two boards. Not only have UK Hoover's sales climbed 10 per cent in the traditionally weak third quarter, but they have been accompanied by a sizeable jump in margins producing pre-tax profits of £2.6m against a £2.3m loss.

At this rate, Hoover could make £3m-£4m in the last quarter – implying around £7½m for 1983 and perhaps £10m in 1984 – and the turnround has already helped the U.S. parent report the second highest third quarter net income in its history. The 240p being offered to ordinary shareholders might look generous against events over the last decade, but will now appear rather less so to any save those who doubt Hoovers' fundamental recovery or think the present durables spending boom a short-lived phenomenon.

But in the UK at least, the relative slowdown in public sector inflation is arguably encouraging a fundamental shift of disposable personal income towards retail spending – in which case, Hoover might reasonably be expected to emerge as a chief beneficiary for some time to come.

Cambrian and General

The diversification route pursued by RIT is by no means the only one available for investment trusts anxious to get rid of their discounts. Cambrian and General seems to have pioneered a successful formula by gearing up a portion of the equity. While the ordinary shares, at 52p, are standing at a 20 per cent discount to the relevant assets, the capital shares, at 71p, are on a premium of 65 per cent. Taken together, the market value of the two classes of shares is a bare 4 per cent below the level of net assets.

The simplicity of the procedures for breaking up the trust after 1987 has focused attentioo on the underlying value. But more important have been the high expectations of the fruits from the link with the Boesky Corporation. Yesterday's figures reveal that in the three months to September, underlying assets have risen by 17 per cent.

Some 50 per cent of the trust's assets are being devoted to special situations, with Boesky-style merger arbitrage absorbing the rest, while debt is standing at 69 per cent of net assets. Few vehicles can match the trust's gearing to a rising market on Wall Street and to abundant U.S. corporate activity. Conversely, the company will oeed to be extremely nimble to minimise the damage of any bear phase.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	20	68	Dubrovnik	S	21	70	Malaga	D	17	63	Salzburg	S	12	54
Akrotiri	S	27	81	Faro	R	18	64	Malta	—	—	—	Seoul	R	16	61
Algiers	F	21	70	Florence	—	—	—	Manila	S	33	91	Singapore	F	31	88
Amsterdam	S	12	54	Frankfurt	C	8	46	Miami	F	20	68	Stockholm	C	7	45
Athens	S	21	70	Funchal	F	22	72	Milan	—	—	—	Strasbourg	F	7	45
Bahrain	S	27	81	Geneva	C	7	45	Moscow	F	5	41	Sydney	S	29	84
Bangkok	S	33	91	Gibraltar	R	18	64	Munich	S	12	54	Taipei	S	27	81
Barcelona	—	—	—	Guernsey	C	11	52	Nairobi	C	22	72	Tangier	C	16	61
Beirut	S	29	84	Helsinki	S	6	43	Naples	—	—	—	Tehran	—	—	—
Belgrade	S	13	55	H. Kong	F	25	77	New Delhi	F	27	81	Tel Aviv	S	34	93
Berlin	S	11	52	Innsbruck	S	15	59	New York	C	11	52	Tenerife	F	26	79
Biarritz	S	20	68	Inverness	—	—	—	Nice	F	20	68	Tokyo	F	19	66
Blackpool	D	12	54	Istanbul	—	—	—	Oporto	R	15	59	Toronto	C	6	43
Bordeaux	S	17	63	Jersey	F	11	52	Oslo	C	5	41	Tunis	F	19	66
Brussels	S	13	55	Jo'burg	C	23	73	Paris	S	14	57	Valencia	R	15	59
Budapest	S	11	52	Las Palmas	C	19	66	Prague	S	10	50	Venice	—	—	—
B. Aires	C	21	70	Lima	C	21	70	Reykjavik	F	0	32	Vienna	S	11	52
Cairo	S	33	91	Lisbon	R	16	61	Rio de J'o	C	31	88	Warsaw	S	9	48
Cape Town	C	21	70	Locarno	D	11	52	Rome	S	18	66	Zurich	C	6	43
Caracas	C	27	81	London	C	13	55								
Casablanca	F	25	77	Los Angeles	S	15	59								
Copenhagen	F	9	48	Luxembourg	Fg	6	43								
Corfu	S	23	73	Madrid	D	12	54								
Dublin	F	12	54	Majorca	C	18	66								

Readings at mid day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Whites vote for new constitution

Continued from Page 1

Cape Town and District voted 75 per cent "yes," Johannesburg 68.5 per cent "yes," East Londoo 77.6 per cent "yes," Durban 73 per cent "yes."

As they begin to dissect these results, many white South Africans are wondering whether this referendum marks an historic moment io that an Afrikaner Government has relied on English speakers to ensure national support for policies which remain based on the apartheid system of separate racial development.

Mr Botha has won his triumphant majority oo the promise of "reform," hut this remains a vague and also a limited concept for the moment. Having successfully persuaded two-thirds of the whites to reject tradihooal white supremacy, Mr Botha will now have to show what his hrand of reform means

The next step, as Mr Botha admitted yesterday, is to seek confirmation that the 2.5m people of mixed race and the 0.8m Indians are also in favour of the constitution. It has not yet been decided whether a referendum or an election should be used, and sceptics suspect that he would prefer not to be forced into any such process, especially as the "coloureds" rejection (which is possible) of a constitutioo that is supposed to benefit them, would clearly be most embarrassing.

After that, Mr Botha continued, he hoped that the constitution could be implemented by the second half of 1984.

Mr Botha insisted again that he had no "hidden agenda" for reform – a phrase popular in the referendum campaign, suggesting that the Government has privately determined oo a much bolder programme involving change in the constitutional situation of the 22m blacks which it did not wish to reveal until a white mandate had been secured.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday November 4 1983

Christiania merger plan rescues troubled bank

BY FAY GJESTER IN OSLO

CHRISTIANIA Bank, Norway's second largest commercial bank, is to merge from January 1 with the country's tenth largest Fiskernes Bank, in a deal worth NKr 198m ($26.4m). Christiania will issue new shares for this amount which will be exchanged for shares in Fiskernes Bank, with the latter's shareholders getting two Christiania shares for each share held in the smaller bank. The issue will bring Christiania's share capital to over NKr 1bn.

Fiskernes, in difficulties as a result of heavy losses on shipping loans, proposed the merger. Christiania readily accepted, welcoming the chance to extend its operations to the numerous coastal towns, from the Soviet-Norwegian border to mid-west Norway, in which Fiskernes Bank has branches.

Christiania's present branch network is concentrated in eastern Norway, although it also has branches in most of the larger coastal towns from Trondheim and southwards. The new, merged unit will have virtually nationwide coverage.

The agreement, unanimously approved by the boards of both banks, was signed on November 1 and announced yesterday. It is subject to approval by the Norwegian authorities and by the shareholders and representative councils of both banks, but this is expected to be forthcoming.

The deal took Norwegian banking circles by surprise, partly because the Storting (parliament) is soon due to debate a Royal Commission report which recommends that future mergers among Norway's banks should not include any of the "big three": Den norske Creditbank (DnC), Christiania and Bergen Bank.

An exception is apparently being made in this case – without waiting for the Storting debate – because Fiskernes was in urgent need of a rescue operation. The bank, which plays an important role in providing finance for business and industry along Norway's north western and northern coast, had accumulated bad debts on shipping loans which will have to be written off this year.

Christiania, with assets totalling NKr 31.4bn at end August, compared with NKr 3.2bn for Fiskernes, is in a position to provide the fresh capital the latter needs. One clause in the merger agreement specifies that the flow of funds for the enlarged bank's northern branches (I.E. those formerly belonging to Fiskernes Bank) shall increase by 25 per cent annually for five years.

The Norwegian Fishermen's Association and other fishing industry bodies which until now have owned most of the shares in Fiskernes Bank will retain a say in the affairs of the enlarged bank. Under the agreement, they will select one member of its board and three members of its representative council. Fiskernes Bank's Managing Director, Mr Kjell Vollelv, will become a deputy managing director of Christiania.

Merrill Lynch changes policy on single deferred annuities

BY WILLIAM HALL IN NEW YORK

MERRILL LYNCH, the giant U.S. brokerage firm, is to stop selling single premium deferred annuities issued by five life insurance companies, including those of Charter Security Life, the largest issuer of annuities to individuals last year.

Merrill did not give any reasons for its decision but its move is the latest in a series of actions by big brokerage firms who are curbing the sale of the annuities which have been one of the insurance industry's fastest growing products.

A single deferred annuity is purchased with the payment of a single initial premium that is invested by the insurance company to earn interest tax free until the holder begins to draw monthly payments, normally on retirement.

These annuities were an important factor in the growth of Baldwin United which collapsed earlier this year. The company had invested up to a fifth of the premiums it received in its own subsidiaries. As a result some big brokerage firms which sold Baldwin annuities have been sued by some individuals who argue that more care should have been taken in reviewing the financial stability of Baldwin.

Together Baldwin United and Charter, part of the Florida-based Charter Company, have sold an estimated $7bn of such annuities.

Merrill Lynch's decision to stop the sale of Charter's annuity is a setback for the group whose other main operations consist of oil refining which is also facing tough market conditions currently. Charter has stressed that there is no similarity between itself and Baldwin United.

Osborne hopes to revive its operation

By Louise Kehoe in San Francisco

OSBORNE Computer, the California-based portable computer manufacturer which filed for bankruptcy in September, hopes to gain a new lease of life from one of two offers to buy the company. Following a bankruptcy court hearing on Wednesday, Osborne officials said that Lanpar Technologies Inc, Osborne's Canadian distributor, had made an offer for the company. Another, unnamed, company has also bid for Osborne they said.

Mr Rene Pardo, chairman of Lanpar Technologies of Markham, Ontario, said that his company was interested in manufacturing the Osborne Executive portable computer and possibly also a new IBM-compatible version of the computer. The new model is believed to be in the final stages of development at Osborne Computer.

Before Osborne filed for bankruptcy, Lanpar had announced plans to manufacture Osborne Computers under licence for the Canadian market. Since the bankruptcy filing, discussions between Osborne and its distributors in the UK, Australia and Canada are believed to have centred upon a proposal that the distributors buy stakes in Osborne.

The terms of Lanpar's offer for Osborne have not been revealed, but earlier this week Lanpar's president, Mr David Whiteside said that Osborne's most attractive asset was its inventory of completed computer products.

Osborne's chief financial officer, Mr Donald Geyer, said that several companies have expressed an interest in purchasing Osborne's inventory for liquidation purposes.

Osborne's dealer network in the U.S. is now largely defunct. If Osborne can revive its operations, the company would be forced to rebuild a retail distribution system by fighting for shelf space with a growing number of competitors.

Third-quarter profits setback for Manville

BY OUR NEW YORK STAFF

MANVILLE, the U.S. asbestos company operating under Chapter 11 bankruptcy protection procedures while it tries to reach agreement on asbestos-health claims, reported net earnings of $20.3m or 59 cents a share in the third quarter, against $22.8m in 1982.

In the first nine months, net earnings amounted to $58.9m or $1.68 a share against $10m. These results have been restated to exclude the discontinued asbestos fibre business, sold during the third quarter, and the domestic pipe operations, sold in the fourth quarter of last year. If these activities were included, nine-month earnings would stand at $66m, against a loss of $737,000 last year.

The figures reveal that Manville's Chapter 11 filing and asbestos related costs rose to $11m in the third quarter from $4.6m last year, and to $22m over the nine months period, against $13m.

Since it filed for protection under Chapter 11 in August 1982, Manville has been trying to reach a negotiated agreement on the settlement of its outstanding asbestos-health claims.

Earlier this month it put forward a new set of proposals which its creditors are examining. It says, however, there are substantial uncertainties as to whether these will be accepted, and because of this it has not recorded any financial liabilities for the claims.

At the time of entering Chapter 11, Manville had received claims from 16,000 litigants seeking damages for injuries alleged to have resulted from exposure to asbestos fibre, and was receiving an average of 425 new claims a month.

Although the company is technically shielded from further claims they continue to be filed at about the same rate. Manville calculates that under conventional tort litigation the average claim could result in payments of around $40,000.

Daon restructure plan

BY NICHOLAS HIRST IN TORONTO

CREDITORS and shareholders at the troubled Vancouver-based property group Daon Development Corporation have overwhelmingly voted in favour of a complex plan to restructure its C$1.77bn ($1.43bn) of debt.

A final vote yesterday of the convertible subordinated debenture holders cleared the way for the second stage of the Daon rescue plan, a C$160m rights issue and placement, to go ahead.

However, the British Columbia Supreme Court, must first accept the debt restructuring proposals. The court will hear an application to put the deal through today: its acceptance is expected to be a formality. The rights issue is subject to completion of underwriting.

The debt restructuring involves payment of interest in new shares instead of cash for a three year period. Debenture holders also have the right to convert into new shares. Under full conversion the number of shares in issue would increase from 36.5m to 86.6m.

If the rights issue goes ahead, a further 80m shares could be issued. The idea for a rights issue was put to the company by British property developer Mr Edward Leighton and London stockbrokers Laurie Milbank. Lead managers would be Kleinwort-Benson. Mr Leighton receives 2.75m new shares for fees related to the issue, if it goes ahead. It is expected that 30 per cent of the new issue would be raised by a placement with institutions outside Canada.

German print merger blocked

BY LESLIE COLITT IN BERLIN

THE WEST GERMAN Cartel Office has ruled that a planned merger between the publisher of the Süddeutsche Zeitung, a quality Munich daily, and the Donau-Kurier newspaper of Ingolstadt cannot take place.

The Cartel Office said a merger would further strengthen the "dominating market position" of Süddeutsche Zeitung in the greater Munich area and would remove its last remaining competitor in the nearby Ingolstadt region.

Süddeutscher Verlag rejected this argument and said it would appeal the decision. Süddeutsche Zeitung, with a circulation of 338,000, is the leading subscription newspaper in the Munich area and has a 25 per cent share in Donau-Kurier with a circulation of 73,000.

Since 1976, when the West German press merger law came into effect, the Cartel Office has forbidden seven publishing mergers and was upheld six times by the West Berlin Appeals Court. Most of the attempted mergers involved the Axel Springer publishing house, which is one of Europe's largest.

Strong gain for McDermott

By Our Financial Staff

McDERMOTT International, the recently restructured energy services group, reports a substantial boost in second quarter net earnings, from $17.88m, or 48 cents a share, to $63.38m, or $1.50.

This took the half year total to September 30, to $106.65m, against $60.97m, or $2.72 against $1.65.

The company expects operating results to be down in the first six months, because of lower utilisation of construction equipment.

DM 600m aid for German bank

By John Davies in Frankfurt

SCHRÖDER, Münchmeyer, Hengst (SMH), the West German private bank, whose difficulties caused an emergency rescue operation led by the banking authorities, has received aid worth over DM 600m ($226m).

A consortium of bigger West German banks has provided aid worth DM 480m, while a further DM 150m is being made available from the banking system's common deposit guarantee fund.

A team of six experts from other banks is understood to have moved into SMH for discussions with the existing partners and management.

About 20 banks, together with the banking system's deposit and liquidity guarantee fund, are providing aid of about DM 630m to SMH.

The bank's difficulties are understood to have arisen from extensive commitments to an industrial group and a subsequent write-down of assets.

Neither SMH nor the banking authorities have disclosed officially the cause of the bank's problems, or the exact amount of aid required or the extent to which individual banks are involved.

The only official information has come from the Federal Banking Supervisory Office, which called representatives of banks to a late-night meeting at the Frankfurt headquarters of the Bundesbank, the central bank, on Tuesday.

A statement later said that banks had agreed to transform their credit lines to SMH into subordinated debt and that the banking guarantee fund would also help to ensure that SMH could carry on banking business as normal.

The bank is closely associated with IBH, the construction equipment group founded and headed by Herr Horst Dieter Esch.

SMH, which has a stake of about 7 per cent in IBH, is understood to have made commitments to IBH and its affiliates through its German and Luxembourg banking operations.

A reassessment of assets involved is understood to have caused concern.

Herr Esch said on Wednesday that IBH was in the process of reducing its losses and had firm commitments from shareholders, including SMH, to contribute to a capital increase.

The scale of SMH's problems has surprised the West German business community.

Operating as a limited partnership, SMH had assets of DM 2.2bn at the end of last year, while its own capital amounted to DM 110m.

Regarded as an elite institution, SMH was formed in 1969 by a merger of two Hamburg banks and a Frankfurt bank, all of which dated back before 1850.

One of the managing partners, Count Ferdinand von Galen, is also president of the Frankfurt stock exchange.

Belgian bank sees advance

By Paul Cheeseright in Brussels

KREDIETBANK, the second largest Belgian bank and the major Flemish financial institution, expects its net profits this year to be higher than the BFr 1.7bn ($31.5m) recorded in the year to March 1983.

Gross operating income is running 7 per cent higher than at the end of the 1982-83 first half, the bank announced yesterday.

Trends of banking activity discernible last year have continued. Deposits have increased to BFr 371bn by the end of September, or 12 per cent more than a year before, reflecting commercial liquidity and the greater propensity of private consumers to save.

This has reduced domestic lending demand, while overseas lending has been reined in following the need at the end of the last financial year to make higher provisions. During the first half of this year lending was 0.5 per cent higher than in the same period of 1982 at BFr 283.9bn.

At the same time financing of the Belgian public sector has increased 23.8 per cent over the 1982-83 first half to BFr 233.6bn.

At the end of September the Kredietbank balance sheet total was BFr 889.2, 5.2 per cent higher than at the end of March.

GERMAN STEEL MERGER COLLAPSE ENDS TWO YEARS OF HOPE

Krupp's solo waltz

BY JAMES BUCHAN IN BONN

THE LATEST round of musical chairs in the West German steel industry ended in gloom and bad temper on Wednesday morning.

The announcement that Thyssen Stahl, the new steel subsidiary of the Thyssen group, was unwilling to take over the Krupp Stahl concern without government aid has turned the clock back two years to the time when the steel companies' executive boards started merger talks.

The position today after the failure of various merger concepts – Hoesch-Krupp Stahl, Hoesch-Klöckner-Salzgitter and now Thyssen Krupp Stahl – is that all the companies, including the mighty Thyssen, are in much worse financial shape. It is no longer a sick joke that a major bankruptcy could be the way to adjust German steel production to the market.

Thyssen and Krupp Stahl told the auditors working on the merger that they expect to lose over DM 1bn ($378.8m) on steel production this year. Neither of the parent companies, Thyssen or Fried. Krupp, is required to take over these losses.

The auditors and the Bonn Government both supported Krupp's contention that in special steels, Krupp was profitable and effective. However, Krupp insisted that Thyssen take over the bulk steel operation, which corresponds to two-thirds of Krupp Stahl's crude steel use, as a condition for any deal on special steels, which account for half of Krupp Stahl's turnover.

However, it is in the bulk steel area that losses at Krupp are being generated. In flat products, the improvement in volume demand has sucked in a flood of EEC and third-country imports, which has led to severe price cutting.

Financially, Krupp Stahl is in a bad way. The cash paid by Iran for a 25 per cent stake in the mid-1970s has been used up. Half the traditional Christmas bonus for the workforce is being held over into next year. Above all, the company has debts on its books of DM 2.7bn, many of them short-term.

It is these that stuck in the throat of Dr Dieter Spethmann, chief executive of Thyssen, which would still have had to consolidate its 75 per cent in Thyssen Stahl after the takeover.

Thyssen remains the least unsound of the German steelmakers but has insisted that it would not act as Krupp Stahl's company doctor. At the same time, Thyssen has had its own difficulties with the U.S. motor industry and railway supplier, the Budd Company, which it acquired in 1978 and which has accumulated losses of around DM 1bn. However, Thyssen said yesterday that the Budd losses had played no part in the merger talks.

All this pointed to a tough line on Dr Spethmann's part, even if he has infuriated the Bonn Government, which says he changed his position each time either Krupp or the Economics Ministry came out to meet him.

His last demand, for DM 1.2bn over and above the DM 1.5bn already promised for the merger, was too much for a government which is committed to cutting subsidies and is in the midst of negotiations with the industry in the Saarland over its rescue.

For the moment, both Krupp Stahl and Thyssen will need to make savage cuts in costs on their own. Thyssen, which has been rather slow to react, is expected to shed around 15,000 jobs, or a quarter of its steel workforce, by 1985.

Krupp Stahl envisages cutting a further 4,000 jobs by 1985 and concentrating on higher value added flat products and special steels, closing one hot strip mill entirely and moving out of certain other products. It estimates the savings at DM 200m a year.

Westdeutsche Landesbank, in an analysis to be published next week, expects crude steel production to continue to improve from 36m tonnes in 1982 to reach 39m–40m tonnes next year.

If this is accompanied by serious efforts from Bonn to come to terms with subsidised imports from elsewhere in the EEC – and the Government's tone on this has sharpened considerably in recent weeks – the steel companies may be able to break even, if not make money.

Diet product buoys Coca-Cola

BY OUR NEW YORK STAFF

COCA-COLA, the world's largest soft drinks company and owner of Columbia Pictures, raised net profits by 6.4 per cent to $152.3m in the third quarter, as reported in later editions of yesterday's Financial Times. An "exceptional" 12 per cent volume increase in U.S. drinks sales boosted per share earnings to $1.12 from $1.06.

The results underline the company's continuing success with its Diet Coke brand, which has been aided this year by its introduction of an aspartame sweetener ahead of its competitors. Use of aspartame in the U.S. has recently been approved by the Food and Drug Administration.

During the first nine months of this year, Coca-Cola's earnings rose to $437.9m or $3.22 a share against $389.4m or $3.05 in 1982.

Mr Robert Goizueta, chairman and chief executive, said the company expected its present momentum would be maintained. Diet Coke and new caffeine-free products were experiencing buoyant sales throughout the world.

American Can achieves turnround

By Terry Dodsworth in New York

AMERICAN CAN, the U.S. packaging group, which is spending heavily on diversification into financial services, achieved a turnround from net losses of $159.5m in the third quarter of last year to a profit of $31.6m or $1.20 a share this year.

Nine-month net profits amounted to $80.5m or $3.17 a share against a loss of $134.5m in 1982.

Most of last year's loss was due to restructuring and divestments linked to the group's change of strategy. Mr William Woodside, chairman and chief executive, said each of the major businesses had contributed to the substantial improvement in the operating performance.

"We continue to expand the financial services sector, through acquisitions as well as internal growth," he added. This part of the business now generates about half of the company's operating profits.

In the packaging sector, income was up, reflecting growth in plastics packaging, as well as the strengthening of domestic metal can operations.

U.S. car parts joint venture

By Our New York Staff

TWO MAJOR U.S. capital goods manufacturers, which both produce car components, said yesterday that they were considering a joint venture to manufacture and market manual transmissions and clutches.

Borg-Warner, the diversified industrial products group, which is a major component supplier to the automotive industry, and Clark Equipment, the fork lift truck, tractor and component company, said they were "studying" the possibility of a joint venture.

ART GALLERIES

BUSINESSES FOR SALE

COMPANY NOTICES

ENTERTAINMENT

CLUBS

OBITUARY

GUY — On Thursday 27th October. Suddenly and Peacefully at Mount Sinai Hospital, New York, U.S., James R. F. Guy, MA, MSc, MBA, PhD, aged 38. Beloved and loving son of James and Hilda Guy of Corsley, Wiltshire, brother of Ann and Cochran of the late Charles Frankland Moore. A Vice-President and Principal of Lehman Bros., Kuhn Loeb Inc., New York. Funeral took place on Monday 31st October, at St. Paul's Chapel, Trinity Church, Broadway, Manhattan. Memorial Service at Corsley, Wiltshire, to be announced later.

INTL. COMPANIES & FINANCE

Goodyield Holdings books seized

BY CHRISTOPHER SHERWELL IN SINGAPORE

MALAYSIA'S Registrar of Companies has seized the books of a private company controlled by Mr Eng Chin Ah, one of the two Malaysian directors of Dunlop Holdings in the UK, following complaints by dissident minority shareholders.

The move also affects Mr Abdul Ghafar Baba, a close associate of Mr Eng and the other Malaysian director of Dunlop. He once headed the company concerned, Goodyield Holdings, and is at present chairman of the publicly quoted company, Pegi Malaysia. Pegi has a 26.6 per cent holding, the largest single stake, in Dunlop Holdings.

For Mr Ghafar, the registrar's action could be a particular embarrassment because he is also a senior official in the United Malays National Organisation (Umno), the Malay-based party which is the dominant partner in the country's ruling coalition.

It is not clear what specific charges, if any, might emerge as a result of examination of the documents taken by the registrar. But the fact of the seizure seems likely to cause reverberations within the Malaysian political establishment and the Malay business community, which is already shaken by the scandal involving bad loans to Hong Kong property dealers made by a subsidiary of Bank Bumiputra, the country's largest bank.

The implications for Dunlop Holdings are unclear. The ailing tyre manufacturer finally bowed to pressure from its Malaysian shareholders in June and gave Mr Eng and Mr Ghafar non-executive directorships. Since then, Dunlop has sold the bulk of its European business to Sumitomo Rubber of Japan for more than £80m, and has been involved in a separate move to rid itself of its French interests.

There has long been speculation about a possible Pegi takeover of Dunlop, something Pegi would be obliged to do once it acquired more than 30 per cent of the shares. But it has also been argued that, because the British company was loss-making and because of the weakness of the pound, it was cheaper for Pegi to buy a big stake in Dunlop Holdings than to take over its Malaysian subsidiary, Dunlop Malaysian Industries, the local tyre manufacturer, in which it was particularly interested.

The registrar's action was directed at Goodyield Holdings, controlled by Mr Eng. However, it could also affect Goodyield Plaza, in which Goodyield Holdings has a substantial stake. Goodyield Plaza is run by Mr Ghafar.

Goodyield Plaza and Eastwind Holdings—another company controlled by Mr Eng—hold 67 per cent of the paid-up capital of Pegi Malaysia. Pegi acquired its 26.6 per cent stake in Dunlop after Mr Ghafar started buying its shares in 1980, largely through the Goodyield companies. He subsequently transferred these shares to Pegi.

These transactions are just one feature of a number of complaints lodged with the Department of Trade in 1981 by dissatisfied minority shareholders in Goodyield Holdings. In their complaint they asked whether some of the transactions were in the company's best interests.

In addition the minority drew attention to a steep decline in Goodyield Holdings' profits between 1979 and 1980 and complained that no satisfactory explanation was given. They also queried the handling of a rights issue by Goodyield Plaza in 1980.

After the complaints were lodged, Mr Eng brought a conspiracy suit against the minority shareholders. While the complaints sat in the Department of Trade, he settled with some of the plaintiffs, thereby blunting the strength of the remainder.

Despite this the registrar has acted, thereby marking the culmination of a 30-month battle to have the company's accounts scrutinised. Mr Eng is believed to have settled with another of the plaintiffs since the seizure.

Should any charges be pressed, the implications for Mr Eng and Mr Ghafar could be serious, as they could then be forced to defend the actions which led to Pegi's acquisition of its stake in Dunlop.

R180m profits for C. G. Smith

BY OUR JOHANNESBURG CORRESPONDENT

C. G. SMITH Foods, the Barlow Rand group's holding company for its food interests, had an operating profit of R180m (US$154m) before interest and tax in the year to September. In the seven months to September 30, 1982, when the financial year was changed, the operating profit was R73.1m. The year's turnover was R2.4bn against R1.06bn in the preceding seven months.

The group owns 53 per cent of the diversified food company, Tiger Oats, 50 per cent of the meat and frozen food distributor, Imperial Cold Storage, and the entire sugar interests of the Barlow Rand group.

Sugar operations have been badly affected by South Africa's worst drought since the 1930s. Not only has the year's crop been reduced but depressed world sugar prices have also had an adverse effect on profitability.

Imperial Cold Storage, which was consolidated into C. G. Smith on April 1, was also badly affected by the drought, and by lower consumer spending.

Tiger Oats provided R1.94bn of C. G. Smith's turnover in the year just ended. Its pre-tax profits of R109.6m was equivalent to 66 per cent of C. G. Smith's consolidated pre-tax profit.

Imperial Cold Storage's turnover was R1.05bn in the year to September against R549m in the preceding seven months. Its pre-tax profit was R22.4m against the previous seven months figure of R12.8m.

C. G. Smith Foods has declared a total dividend of 35 cents from earnings of 76 cents a share. In the seven months to September 30, 1982 earnings were 33.2 cents a share and the total dividend 19.5 cents.

Earnings dip at Tongaat-Hulett

Tongaat-Hulett, the diversified South African group which has interests in food, textiles, building materials and engineering, was affected by the drought in the six months ended September and although turnover rose to R769m (US$656m) from R652m operating profits fell slightly to R74m, writes our Johannesburg Correspondent.

In the year ended March 31 1983, turnover was R.28bn and operating profits were R146.2m. The directors say that the food divisions results were below those of the corresponding period of 1982, though an improvement is expected in the current six months.

Trading conditions remain difficult for the textiles division, but an earnings improvement is expected.

Worst affected was the sugar division. The company's canefields and mills on the Natal north coast and in Zululand were severely affected by drought and production was sharply lower. Good rains since the end of September will not benefit the company in the current season.

Rationalisation of Boustead plantations side

By Wong Sulong in Kuala Lumpur

BOUSTEAD HOLDINGS, the diversified Malaysian group, said yesterday it had completed a rationalisation programme under which its publicly listed subsidiary, Kuala Sidim, would become a major plantation group with 29,000 hectares of estates.

The programme began in May 1982, when Boustead announced the acquisition of 6.47m shares it did not hold in Barlow Boustead Estates Agency for 51m ringgit (U.S.$21.8m) from the Barlow family and two Malaysian institutions.

The acquisition gave Boustead a 54.5 per cent stake in Kuala Sidim. This was increased to nearly 80 per cent by the injection of Boustead Estates into Kuala Sidim through a shares exchange.

Kuala Sidim will control 70 per cent of Heah Joo Seang states, 56.5 per cent of Malakoff and 58 per cent of Selangor Coconuts. It will have 47.9m shares of one ringgit each, and net tangible assets of 188m ringgit.

North American Quarterly Results

AMERICAN GENERAL

Third quarter	1983 $	1982 $
Revenue	1bn	700m
Profits	71.3m	49.7m
Per share	0.89	0.62
Nine months		
Revenue	2.8bn	2bn
Profits	214m	142.8m
Per share	2.09	1.79

AMERICAN STANDARD

Third quarter	1983 $	1982 $
Revenue	509m	505.6m
Net profits	14.7m	12.1m
Net per share	0.53	0.44
Nine months		
Revenue	1.61bn	1.58bn
Net profits	44.6m	28.6m
Net per share	1.62	1.04

ELECTRONIC DATA SYSTEMS

First quarter	1983-84 $	1982-83 $
Revenue	176.4m	143.8m
Net profits	16.79m	13.57m
Net per share	0.30	0.24

EMERSON ELECTRIC

Fourth quarter	1983 $	1982 $
Revenue	878.1m	825.6m
Net profits	72.63m	71.74m
Net per share	1.06	1.05
Year		
Revenue	3.48bn	3.5bn
Net profits	302.93m	308.11m
Net per share	4.42	4.37

INTERNORTH

Third quarter	1983 $	1982 $
Revenue	965.9m	803.1m
Net profits	30.1m	14.46m
Net per share	0.49	0.32
Nine months		
Revenue	3.4bn	2.97bn
Net profits	164.22m	143.55m
Net per share	3.50	3.22

KROGER

Third quarter	1983 $	1982 $
Revenue	4.5bn	4.33bn
Net profits	28.52m	40.17m
Net per share	0.52	1.08
Nine months		
Revenue	11.46bn	11.25bn
Net profits	85.30m	132.05m
Net per share	1.85	2.87

RALSTON PURINA

Fourth quarter	1983 $	1982 $
Revenue	1.25bn	1.16bn
Net profits	57.2m	†163m
Net per share	0.60	†0.77
Year		
Revenue	4.87bn	4.8bn
Net profits	258m	68.1m
Net per share	2.58	0.66

† Loss

REICHHOLD

Nine months	1983 C$	1982 C$
Revenue	254.06m	264.62m
Net profits	4.01m	†1.35m
Net per share	0.59	–

† Loss

SOUTHLAND

Third quarter	1983 $	1982 $
Revenue	2.44bn	1.8bn
Net profits	60.07m	36.83m
Net per share	1.46	1.03
Nine months		
Revenue	6.09bn	5.07bn
Net profits	161.75m	81.52m
Net per share	2.66	2.29

WENDY'S INTERNATIONAL

Third quarter	1983 $	1982 $
Revenue	510.5m	425.5m
Net profits	16.1m	12.4m
Net per share	0.39	0.32
Nine months		
Revenue	1.38bn	1.2bn
Net profits	40.4m	32.5m
Net per share	0.99	0.84

Pharmacia

PRE-TAX profits at Pharmacia, the Swedish pharmaceuticals and biotechnology group, rose by 59 per cent to SKr 336m ($43.1m) in the first nine months. The change was incorrectly described as a decline in yesterday's edition.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Chase Manhattan looks at Swindon

CHASE MANHATTAN Bank is considering relocating some of its City of London operations to a 30-acre campus site near Swindon. No decisions have been taken but preliminary talks are under way with Thamesdown borough council.

Chase currently occupies Woolgate House, the 240,000 square feet building in Basinghall Street, which is the largest UK office investment owned by the Hammerson Group. It seems likely that, whatever decision is made, the Bank would retain all or most of its floorspace at Woolgate House, to accommodate further expansion.

Hammerson bought out a minority interest in tha building during 1979, via its acquisition of Reunion Properties, and in 1980 purchased tha freehold from the Merchant Taylor's Company for £1.5m. The property was then valued at £88½m.

The Bank has, for some time, been reviewing the need to keep all its operational and administrative departments in the City and it is understood that it is also considering a site on the south coast.

A spokesman for Chase Manhattan said yesterday that a final review of the bank's space requirements was now at an advanced stage but that a decision was not likely to be announced until the new year.

Its interest at Swindon has centred around the so-called Croft campus, which fronts the M4 motorway west of the Burmah Oil complex. The greenfield site, owned by Thamesdown, has planning permission for 300,000 square feet of office space in one or two blocks.

Thamesdown has been trying to find a taker for the site for some while and at one stage was close to reaching agreement with the Civil Aviation Anthority. It has since been holding out in the hope of finding a single occupier and Chase has suggested it would be interested on that basis.

Chase is thought to have recently finalised renegotiations with Hammerson on the structure of its complicated lease at Woolgate House, which has about 35 years left to run. It is understood that Chase has accepted a 5-year review pattern—with the first review date being brought forward—in place of a partial, three-year revaluation which established a nine-year gap between reviews on each part of the building.

The appeal of an out-of-town location for additional space is based primarily on accommodation costs, which would be comparatively modest in a town like Swindon. Along with numerous other central-London space occupiers, several City banks have been considering partial removal beyond the capital and some—like Chemical Bank—have taken the decision to go.

For Chase, the first priority for relocation could be its computer, which could move out in advance of other departments. There seems little doubt that the hank's presence in the City will remain intact but its decision to look much further afield for extra space is part of a growing trend.

Rothschild to move

ONE OF the West End's newest and most distinctive office buildings—66 St James's Street—is back on the letting market a year after the first tenant moved in.

The building, on the site of the old Map House, is occupied by J. Rothschild, which next March intends to move into newly acquired freehold premises—now being refurbished—in adjoining St James's Place.

Rothschild pays £200,000 a year rental for the 8,250 sq ft of office space in the building, which was developed by Samuel Properties and which also includes a vacant fifth and sixth floor penthouse (£1½m for a long leasa) and ground floor retail space which can now be used for the provision of financial services.

The property's futuristic architecture has made it one of the capital's most controversial office developments. Michael Laurie & Partners, the agents, are not seeking a premium for the lease but want one for the extensive fittings and fixtures. They would not comment on suggestions that the freehold of the building could also be available for around £6½m.

● Canada Life Assurance has let Berkeley House, High Street, Kingston-upon-Thames, Surrey, to Tetra Pak, the Swedish food packaging company. Weatherall Green and Smith and Clive Lewis were asking £180,000 a year for the 15,600 sq ft building. Smith Melzack acted for the tenant.

The Prudential presses on

PRUDENTIAL ASSURANCE'S decision to seek a High Court ruling on the stalemate surrounding its plans for a new-technology manufacturing centre in the heart of London starts another chapter in a story of optimism and initiative which has degenerated into an embarrassing mess.

The Prudential's expensive and time-consuming contest with the London borough of Southwark for the right to pursue a modest but adventurous and innovative scheme, aimed at generating badly needed inner-city jobs, is a cautionary tale.

The events it embraces have done nothing to advance the cause of inner-city revival or to encourage other potential funding institutions to respond to repeated pleas that they should allocate some of their resources towards the cause.

For over three years, the Polytechnic of the South Bank has been trying to create a "technopark" on vacant land adjacent to its London Road building at the Elephant and Castle. The intention is to provide a centre in which fledgling, high-technology businesses can establish themselves, drawing heavily on the resources of the Polytechnic during their formative stages. Several hundred jobs could be created.

Southwark council was approached and it decided that the two-acre site was not suitable for housing—a prime requirement in the borough. A change of use to light industrial development land was granted.

The Polytechnic had also managed to persuade the Prudential that it should fund the high-risk project, which is experimental and bears little resemblance to the type of schemes which the group is used to backing. It has put up £4.5m for the first phase.

In December 1981, the council agreed terms for the sale of the site to the Prudential. The agreement provided that it could be rescinded if planning permission had not been granted or if a building contract had not been entered into by today's date.

Refused

In May 1982, however, the political complexion of Southwark Council moved further to the left and support for the technopark crumbled. Housing, the council said, was a priority and, when the Prudential applied for planning permission, it was refused.

A public inquiry followed in February this year and in June the Department of the Environment backed the Prudential plan. But the council has continued to thwart progress and the planning committee last week voted to rescind the sale unless contracts to build phase one and two of the scheme were let by today.

The Prudential has, indeed, already let the contract for phase one—which represents over two-thirds of the project. It has obtained legal opinion to support its view that this satisfies the original planning conditions and emphasises the second phase will follow if the first is successful. The council insists sale is conditional on the simultaneous letting of both phases.

The Pru is privately outraged but is confining itself to saying merely that it has instructed solicitors with a view to gaining a ruling on the interpretation of the contract.

Dr John Beishon, director of the South Bank Polytechnic and deputy chairman of the proposed technopark, is less diplomatic: "The council's decision to renege on their agreement is distressing and undemocratic. To oppose a development that can create new jobs as well as saving existing ones at a time when the public sector of education is facing massive cuts is little short of a tragedy."

Southwark planning committee was told the land sale was made conditional upon the Pru entering into a building contract to ensure a comprehensive programme of construction and because of concern that it might—horror of horrors—"be a speculative venture."

The council would make no official comment yesterday hut it is understood that the whole matter will be going hack for consideration by the ruling Labour Group at a meeting due to be held next week. They might do themselves—and the progress of inner-city revival—a favour by thinking again.

● Norwich Union Insurance Group (Managed Funds) is to develop a 35,800 sq ft office building at White's Corner, Camberley at a cost of £5¼m. It has purchased the freehold of the site.

Tenants lined up at Exchange Square

HONGKONG LAND is on the point of signing up the first tenants for its flagship office development, Exchange Square.

Negotiations are under way with parties interested in a total of 15 floors of the HK$6.75bn harbourside development, and the Land company hopes that the first contract will be signed very soon. Company sources say, however, that Hongkong Land does not plan to make a big fuss abont the first letting, but would rather delay the flag-waving until it has perhaps half-a-dozen major tenants on its Exchange Square books.

Jones, Lang Wootton is promoting Exchange Square worldwide. At the heart of the campaign likely to cost $HK30m is a showcase suite occupying some 4,000 sq ft of the Connaught Centre, another Land company property.

Overall, Exchange Square involves 1.6m square feet of space in three towers, with Hong Kong's new stock exchange located in the podium. The first two towers will open their doors in 1985. The construction schedule of the third tower is likely to depend on how quickly the first two are let.

IMI, the Birmingham-based manufacturing group, is abont to start work on a project which will transform about half of its 220-acre Witton complex into a 2m sq ft engineering park. Phase one of the scheme, to be carried out by Holford Developments—an IMI subsidiary—will cost £23m and has attracted an urban development grant of £5.7m. It will cover 45 acres.

● The first rent review on Westpoint, the Slough office block owned by London and Provincial Shop Centres and recently vacated by Ranks Hovis McDougall has produced an annual rental of £700,000. The previous rent for the 55,000 sq ft building was £668,000 a year. J. Trevor, who acted for RHM in the review, are looking for a new tenant. Jones Lang Wootton acted for the landlord.

● Kent County Council Superannuation Fund has paid just over £1½m for the freehold of Sarasin House, the 5,900 sq ft office building in St Andrew's Hill, Close to St Paul's Cathedral. It is let at £75,000 a year to Sarasin International Securities. Richard Ellis advised the Fund and Dron & Wright introduced the property.

● Haslemere Estates and Kingston Estates Developers have let Catherine House, Surbiton, to the Distillers Company two months after completion. Asking rent for the 35,000 sq ft building was £425,000 a year. John D. Wood acted for the tenant and Debenham Tewson and Chinnocks and Bonsor Penningtons represented the developers.

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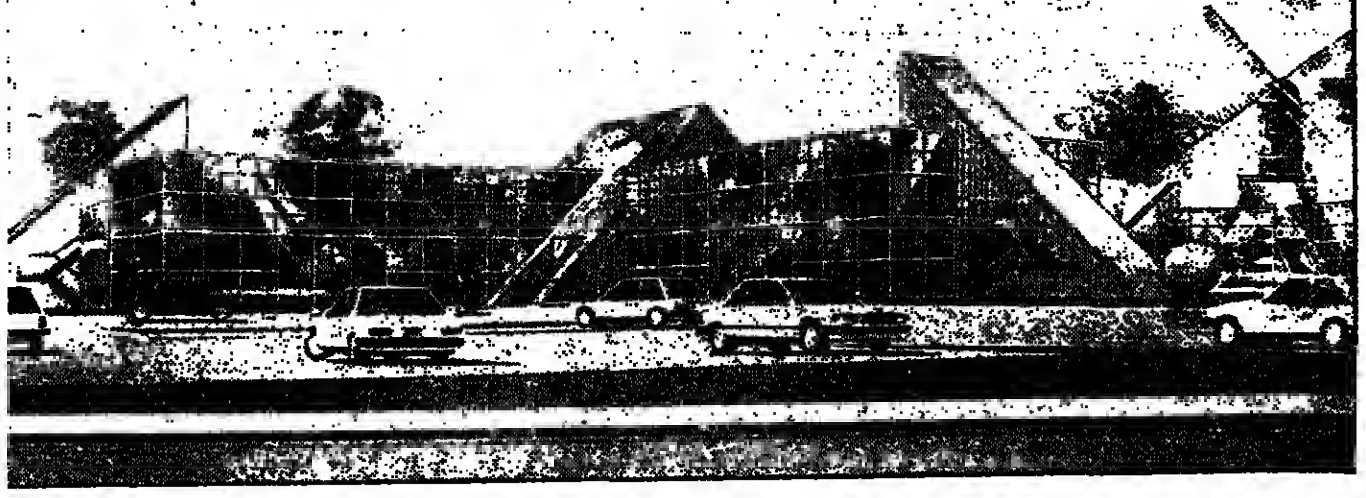

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FT COMMERCIAL LAW REPORTS

Brokers' duty of care to reinsurers

THE ZEPHYR
Queen's Bench Division (Commercial Court): Mr Justice Hobhouse: October 21 1983

AN UNDERWRITER of marine reinsurance is bound by the reinsurance contract though he accepted his risk before the original insurance was placed; and a broker who indicates that the reinsurer will only be liable for a certain percentage of his accepted risk, knowing that he relies on that indication, must take reasonable care to see that the percentage is achieved.

Mr Justice Hobhouse so held when giving judgment for the reassured, General Accident Fire and Life Assurance Corporation and others, in their claim against reinsurers, Mr Peter Tanter and others, for indemnity due to them on payment of total loss insurance on the Zephyr; and judgment for the reinsurers in their alternative claim against Lloyd's brokers, Berisford Mocatta & Co, in respect of excessive reinsurance liability.

HIS LORDSHIP said that in December 1980 a shipowner was negotiating to buy a vessel and needed to arrange insurance cover. He asked brokers to place "all risks" insurance on the London market.

"All risks" marine insurance consisted of insurance against damage and total loss. As the underwriters might wish to reinsure against the total loss risk, the brokers went first to a total loss leading underwriter to get a quote. They presented him with a slip on which he wrote a "line."

When an underwriter wrote his "line" on a slip he defined the size of risk he was accepting. The usual way was to write a percentage of the risk offered and to initial it.

After settling the terms of the slip with a leading underwriter and obtaining his line, the broker would take the slip round the market to obtain subscriptions from following underwriters.

Where a slip was over-subscribed above the amount of insurance required, the written level of the lines would be reduced proportionally to make the final 100 per cent cover. That reduction of the written line was called "signing down." The final line was called the "signed line."

Orders for cover were given by reference to the signed lines, not the written lines. It was therefore common practice to ask the broker what the signing down was likely to be. In the present case the brokers, acting in good faith, gave a signing indication of 40 per cent on the all risks slip and one third on the total loss slip

Several all risks underwriters ordered total loss reinsurance. On January 5, when the Zephyr was delivered to the shipowner under the contract of sale, the brokers had an all risks slip which would sign down to 51.7 per cent, and a total loss slip which would only sign down to 72 per cent.

The brokers continued to obtain subscriptions to the all risks slip. Risks could be placed with retrospective effect.

On January 13 the Zephyr got into difficulties in a strong wind, and was abandoned. By that date subscriptions to the all risks slip totalled 282 per cent and reduced to about 35 per cent. The brokers had not obtained subscriptions to the total loss slip since January 5, and it still only signed down to 72 per cent. After notice of the casualty is was too late to obtain further subscriptions.

The shipowner was speedily paid on the basis of constructive total loss. The all risks underwriters, as reassured, then claimed against the total loss underwriters as reinsurers.

The reinsurers disputed liability. They said that as the brokers had gone first to the leading total loss underwriter, and as the reinsurance slip was initialled before any original insurance was placed and before there was any principal on whose behalf the brokers could contract, they were not bound by the initialling of the total loss slip.

The slip was the contract between assured and insurer. A contract of reinsurance was contained in the slip in exactly the same way as was a contract of original insurance. The one relevant difference was that whereas a contract of original insurance usually had a single assured, a reinsurance slip was used for a number of reassureds.

That did not alter the character of the slip and the contracts it contained. Each reassured was put in contractual relations with each reinsurer, who agreed to be liable for his proportion of any loss. The contracts were composite not layered.

Where a written line was obtained on a total loss slip prior to the placing of direct insurance, market usage was that the total loss underwriter was agreeing to reinsure the reassured up to the amount of his written line.

But even apart from usage, the initialling of the slip by the total loss underwriter together with the broker's telling the reassured that reinsurance was available and accepting his reinsurance order, sufficed to complete a binding reinsurance contract.

Where, as in the present case, there was clear intent to create legal relations in a commercial transaction, the law was ready to recognise the intended contractual relations and would not frustrate them on account of some difficulty of analysis.

The reinsurers were liable to the reassured up to the full amount of their written lines on the total loss slip.

The reinsurers claimed against the brokers in respect of alleged excessive liability under the reinsurance slip. They contended that the one third signing indication limited the brokers' authority to offer reinsurance to one third, and had contractual force as between reassured and reinsurers.

The signing indication was not contractual because it was not contained in the slip. It was a representation of expectation or belief and was true if made in good faith. It did not affect the broker's authority to offer reinsurance.

According to market practice and the law, a broker was agent of the assured and not the insurer; but that did not mean he could not owe a duty of care to the reinsurer.

The market appeared to recognise an obligation on a broker to use his best endeavours to achieve the indicated signing down.

Applying *Hedley Byrne [1964] AC 465* and subsequent decisions there was no legal reason for refusing to recognise a duty on the part of the broker to take reasonable steps to see that the signing down indication was achieved. Business reasons were strongly in favour of recognising it.

The giving of the signing indication was a voluntary act by the broker as a result of which the underwriter, to the broker's knowledge, relied on him to exercise his professional function with reasonable skill and care.

That element of reliance, arising out of the voluntary assumption by the broker of a relationship with the underwriter, was the essence of the duty of care.

It followed that a broker owed a duty of care to reinsurers where there was an express signing down indication. In the absence of an express indication, he was liable if he knew or ought to have known that an underwriter believed he intended to achieve the relevant signing down, and relied on that belief.

In the present case the brokers had no proper system to see that signing down indications were met and to check the position on a total loss reinsurance slip when accepting oral orders for reinsurance.

The position throughout was under their control. They could have obtained further total loss subscriptions, or refused to accept reinsurance orders. They acted negligently and were liable to the reinsurers.

Damages must be assessed by reference to the difference between the actual signing down and a one third signing.

Reinsurers who had reinsured their total loss risk need not give credit for reinsurance rights to the brokers in assessment of damages, but their reinsurers would be entitled to the benefit of their recovery from the brokers.

For the reassured: Adrian Hamilton QC and John Thomas (Ince & Co).

For the reinsurers: Mark Saville QC and Stephen Ruttle (Elborne Mitchell & Co).

For the brokers: Jonathan Mance QC and Julian Flaux (Hewitt Woollacott & Chown).

By Rachel Davies
Barrister

Carriage at sea continues while cargo is stored in port

MAYHEW FOODS LTD V OVERSEAS CONTAINERS LTD
Queen's Bench Division (Commercial Court): Mr Justice Bingham: October 26 1983

WHERE A contract of carriage is subject to the Hague-Visby Rules, the Rules apply from when the goods are loaded at the port of shipment until they are unloaded at the port of discharge; and if the carrier exercises a right to store the goods during the voyage prior to transhipment, he remains subjects to the Rules during any period of storage ashore.

Mr Justice Bingham so held when giving judgement for Mayhew Foods Ltd in its action for damages against carriers Overseas Containers Ltd (OCL) in respect of damage to a cargo of food.

Article III paragraph 8 of the Hague-Visby Rules provides: "Any clause ... in a contract of carriage relieving the carrier ... from liability ... in connection with goods ... or lessening such liability otherwise than as provided in these Rules, shall be ... void ..."

HIS LORDSHIP said that in November 1981 Mayhew and OCL made an oral contract for OCL to carry Mayhew's products from its premises at Uckfield in Sussex to Jeddah in Saudi Arabia.

The products consisted of 8,685 kg of chicken and turkey portions, some uncooked, and a few uncooked breaded drumsticks.

To keep the products in good condition they had to be deep frozen at minus 18 degrees centigrade. It was envisaged that they would be carried in a refrigerated container on the Benalder.

On December 3 the cartons were collected from Mayhew's premises, stuffed into a refrigerated container, and taken to Shoreham. They were then carried to Le Havre on a vessel named Voline and arrived on December 8.

The container was discharged and remained in Le Havre until it was loaded on Benalder on December 11 or 12.

When Benalder arrived in Jeddah on December 21, permission to discharge the container was refused because its contents had decayed and offensive juices were dripping from it.

The reason was that the temperature control, instead of being set at minus 18 degrees, had been set at plus two to plus four degrees. Far from being deep frozen the food had been subject to heating. It was not fit for human consumption and was later sold at 2 pence per pound for animal food.

OCL accepted that as a result of its failure to refrigerate the goods properly it was in breach of its contract and of its duty to take reasonable care of the goods. It sought to limit the damages by relying on clause 7 of the bill of lading conditions which specified an upper limit of $2 per kilo of gross weight of damaged goods.

Clause 8 of the conditions, however, made clause 7 subject to the Hague Rules, and Mayhew claimed that the relevant carriage was subject to the Carriage of Goods by Sea Act 1971, and the Hague-Visby Rules contained in the schedule to that Act. Accordingly, it was asserted, the contractual limitation of damage in clause 7 was of no effect.

Clause 21 of the standard bill of lading conditions provided that the carrier might use any means of transport or storage, transfer the goods from one conveyance to another, and load or unload at any port, without notice to the merchant (Mayhew). The carrier could invoke those liberties for any purpose whatsoever and "any delay arising therefrom shall be deemed to be within the contractual carriage."

Mr Flaux for OCL submitted that the Act and the Rules did not apply to the carriage until the goods were shipped aboard Benalder at Le Havre.

That was based on the contention that the bill of lading related to shipment on Benalder.

The submission could not be accepted. The rights and liabilities under the Rules attached to a contract or part of a contract (see: *Pyrene v Scindia* [1954] 2 QB 402,415.

The contract was for carriage of the goods from Uckfield to Jeddah. The Rules did not apply to inland transport prior to shipment because, under section 1(3) of the Act, they were to have the force of law only "in relation to and in connection with the carriage of goods by sea in ships."

But the contract clearly provided for shipment at a UK port and the Act and Rules applied from the time of that shipment. It did not matter that the vessel in which the goods left the UK was not Benalder, because OCL had liberty to substitute vessels or to tranship, and Benalder was only the intended vessel.

Nor did it matter that the bill of lading was issued some days after the goods had arrived in Le Havre. When issued it duly evidenced the parties' earlier contract.

Since the bill was issued in a state which was a contracting party to the rules and provided for carriage from a port in a contracting state, it was plain that the Rules applied once the goods were loaded at Shoreham.

OCL's second submission took as its starting point the fact that the Act and Rules only applied "in relation to and in connection with the carriage of goods by sea in ships."

It was argued that even if the statutory provisions governed carriage from Shoreham to Le Havre, they did not apply while the goods were lying ashore at Le Havre any more than they applied before they were loaded at Shoreham or after they were discharged at Jeddah.

It was said that the interval of storage at Le Havre was not carriage by sea, and so was not covered by the Rules.

The answer was again to be found in the principle that the rights and liabilities under the Rules attached to a contract.

They did not apply to carriage of goods or storage before the port of shipment or after the port of discharge, because that would be inland and not sea carriage; but between those ports the contract was for carriage by sea. If during that carriage OCL chose to avail itself of its contractual right to discharge, store and tranship, those were operations "in relation to and in connection with the carriage of goods by sea in ships" (section 1(3)), or were "within the contractual carriage" (clause 21).

It would be surprising if OCL could, by carrying the goods to Le Havre and stowing them there before transhipment, rid itself of liabilities to which it would have been subject had it carried them direct to Jeddah – the more so since Mayhew had knowledge of any voyage to Le Havre.

The Rules, having applied on shipment at Shoreham, remained continuously in force until discharge at Jeddah.

It did not matter whether the damage occurred before or after the container was loaded on board Benalder, provided only that it occurred after shipment at Shoreham – as it must have done since the goods needed some time to thaw out and deteriorate.

Under Article IV rule 5 (b) of the Rules damages should be calculated by reference to the current market value of the goods at the place and time at which they should have been discharged.

In the absence of satisfactory evidence as to their market value in Jeddah at that time, Mayhew should recover no more than its cif (cost, insurance freight) invoice price, less a deduction for the animal food sale price. That came to £27,985. Judgment for Mayhew for £27,985.

For Mayhew: Nicholas Hamblen (Clyde & Co)
For OCL: Julian Flaux (Bird & Bird)

By Rachel Davies
Barrister

UK COMPANY NEWS

Henry Boot ahead but cautious for full year

AN INCREASE of £34,000 to £255,000 in pre-tax profits is reported by Henry Boot & Sons for the first six months of 1983. The directors say profits for tha full year, while improviog, are not anticipated to be significantly in excess of the £2.19m achieved in 1982.

Turnover of this Sheffield-based bolding company with interests in construcuon, joinery, engineering, property, plant and finance, rose from £46.07m to £52.54m. The interim dividend is unchanged at 3p net—last year's total was 14.5p.

No tax was agaio payable.

Except for an upsurge in private housing io the earlier part of the year, which also beoeficially affected compaoy's joinery sales, the private sector of tbe UK economy has remained flat aod all the company's trading activities are baviog difficulty in maintaining margins and turnover, says the directors.

Overseas work and prospects bave continued to be encouraging, but opportunities are slow to mature to the contract stage.

A letter of intent has been rereived for a large railway engineering supply only contract in Egypt. A new marshalling yard contract bas been secured in Siogapore, and furtber civil engioeering work has been obtained in Hong Kong, Malaysia and Brunei.

French Connection

Excluding irregular and multiple applications, tenders were received for 21,986,700 ordinary shares in French Connection.

Applications from employees have been accepted up to the maximum of 182,342 ordinary.

Other lenders will be dealt with as follows: Applications for between 100 and 500 sbares will receive 100 shares, between 600 and 2,000 shares, 200 ahares will be allocated; beiweeo 2,500 and 100,000 sbares 10 per cent of the shares applled for will be distributed: for over 100,000 shares a to'a,l 22,500 shares will be allocated.

Io one lostance, applications from a single source in respect of a substantial number of shares were aggregated and were allocated a tctal of 100,000 shares.

The Stock Exchange has granted permission to deal in the issued ordinary on the Unlisted Securities Market.

Renounceable Letters of Acceptance will be posted on November 7 and dealings ara expected to commence the fpllowing day.

Aran rights

Of the 21,587,271 prdinary shares offered by Aran Energy, by way of rights, over 96 per cent bave been taken up.

The balaoce has been sold in the market. Underwriters bave accordingly been relieved of their liabilities.

Hoover recovers to £3.6m after good third quarter

THE PROFITS recovery at domestic appliance manufacturer Hoover gathered pace through the third quarter and enabled the group to lift its pre-tax figures to £3.62m for the nine months to September 30 1983, a swing of some £10.43m over the deficit of £6.81m reported for the same period last year.

Third quarter profits totalled £2.58m, compared with a previous loss of £2.26m.

Group sales for the nine mooths rose by £13.33m to £153.33m with the third quarter contribution ahead from £50.07m to £55.34m.

Profits for the three-quarter period were struck after taking account of sharply reduced interest charges of £1.48m, against £3.13m, and much higher rationalisatioo cosis of £679,000, compared with £232,000.

The results also included better returns from 50 per cent held Hoover (Holland) and its subsidiaries. Here nine month profits amounted to £441,000 (£49,000 loss) at the trading level.

The scheme of arrangement document, under which Hoover U.S. will effect the acquisition of all the outstanding shares in its UK arm, will include a full year forecast for the UK operations.

Tax for the nine months accounted for £546,000, against £599,000, which left net profits at £3.07m, compared with a deficit of £7.41m, equal to earnings of 15p (37p loss) per 25p share. Earnings for the third quarter amounted to 12p (12p loss).

In the UK iocreased sales were attained in reasonable market conditions and production levels continued to improve. In Australia, good results were again achieved.

The high value of sterling is continuing to put pressure on margins of UK manufacturing products sold on the continent of Europe.

However, the directors, headed by Mr M. R. Rawson, the chairman, say that provided there are no unexpected adverse developments they anticipate that the group's product-led recovery will continue.

For the 1982 year as a whole the UK group incurred pre-tax losses of £6.79m. Sales totalled £191.23m.

Hoover U.S. announced last month that it was proposing to acquire the 26.7 per cent balance of the ordinary shares its UK subsidiary it did not already own along with 62.2 per cent outstanding A shares.

Third-quarter results of the U.S. company show net earnings up from $1.2m or 10 cents a share to $8.4m (£5.6m) or 68 cents on sales of $182.8m ($176.6m).

This took nine-month earnings to $21m or $1.71 a share, against $986,000 or 8 cents, on sales up slightly from $502.9m to $506.3m.

See Lex

HIGHLIGHTS

Lex concentrates on the main story of the day. Charterhouse Group and RIT and Northern have struck terms for a merger. The column considers the advantages and pitfalls of such an alliance. Hoover produced third quarter figures yesterday. Lex comments on the results from both the UK and U.S. companies ahead of the American parent's intention to buy up the minority stake in Hoover UK and in the light of buoyant consumer spending patterns. Finally the column turns its attention to Cambrian and General, a company run by Mr Ivan Boesky, a well known New York figure. Elsewhere Debbie Moore's Pineapple Dance Studios is launching a rights issue, out goes Wayne Sleep and in comes Michael Ashcroft.

Federated Homes to join USM

BY RAY MAUGHAN

THE residential interests of Federated Land, acquired by a subsidiary of the British Steel Pension Fund in a deal worth £19m during April 1982, form the basis of a oew company, Federated Homes, which Hill Samuel and W. Greenwell are bringing to the Unlisted Securities Market with the eventual intention of obtaining a full quote.

Dealiogs in Federated Homes (FH) are expected to start on November 10 when 2.4m shares, representing 26.7 per cent of the enlarged capital, are placed at a price of 54p per share.

Most of the capital will represent new equity tp be applied to working capital and debt reduction, the balance of 750,000 shares are presently held by Mr Peter Meyer, chairman and son of Federated Land's founder.

In the absence of any unforeseen circumstances, FH expects to produca pre-tax profits of £1.05m which, assuming the placing proceeds had been in place throughout the year, would have risen to £1.125m. Taking the post-placing capital base and a foreshadowed 9.8p net per share dividend declaration, tha fully taxed p/e wpuld be 9 prospectively and the yield wpuld be 6.5 per cent. Dividend cover is projected at 2.4 timea

The major proportion of FH's turnover since January 1 1981 has risen from the development of land under the terms of an agreement with Federated Land. The agreement currently requires FH to develop four separate sites by December 31 1986. As October 14 this year, 534 of the plots on these sites remained to be developed.

Turnover applicable to FH between 1978 and 1982 fell from £11.36m to £8.33m. FH attributes the fall to the decision by Federated Land to reduce its dependence on residental development at the expense of building a commercial property portfolio.

Federated Land never distinguished between the profits accruing tp residental pr commercial development, nor did it allocate debt servicing costs or head office expenses on a divisional basis.

For this reason, FH says it is only possible to disentangle the profit contribution of the residential side from the date of the land agreement pnwards.

Hence, FH can pnly say that it made pre-tax profits of £181,000 in 1981 and £574,000 in the following year. By June 1983, interim profits were £427,000.

● comment

Federated Homes is resolutely setting its face against any involvement in commercial property development and it is perhaps ironic to think that had this policy been adopted several years earlier, neither M. P. Kent nor the British Steel pension fund would bave shown very much bid interest in the old parent company. As it is, the residential rump of Federated Land is resolved to remain a niche housebuilding business, concentrating on first-time buyers and what it calls sheltered homes for the elderly within a 60-mile ring around its Leatherhead base. Development is rooning at 300 units annually at present, rising by perhaps 10 per cent per annum which is hardly liable to make Sir Laurie sweat even if the contemplated multiple is within half a point of Barratt's historic rating. The lack pf comparative stocks has plainly been some problem in fixing the placing price given that most housebuilders now incorporate commercial development and represent an earning/assets rating hybrid. Federated Homes, as a straight earnings stock is refreshingly uncomplicated but there is nothing in the housing market outlook to suggest other than solid growth. The dividend, handsomely covered, is ppssibly the best catch.

Further fall suffered at Portsmouth Sunderland

Portsmouth & Sunderland Newspapers experienced a further fall in profits in the second quarter which resulted in a lower interim pre-tax surplus of £1.26m against £1.52m.

Turnover for the 26 weeks tp October 1 1983, was up fro'o £14.51m tp £15.8m. The taxab.e result was struck after lower investment income of £14,000 (£26,000) and interest on short-term deposils of £134,000 (£271,000).

Net profits emerged at £976,000 (£1.2m) after tax of £299,000 (£313,000), giving earnings per 25p share of 8.1p (10p).

The interim dividend is being held at 1p net. Last year's total payment was 3.75p with pre-tax profits at £3.33m.

In August the company announced plans to acquire Jesse Ward Investments.

Cambrian & General

Net asset value of Cambrian & General Securities' 25p shares was estimated to be 65.2p at September 30 1983, which compares with an adjusted 60.2p at September 20 last year and an unadjusted 43.35p at September 30 1982.

For the respective dates net asset value of the 7½p capital shares was estimated at 43.95p (35.97p adjusted) and unadiusted at 12.03p.

Gross revenue for the year to end-September 1983 amounted to £1.77m (£882,296) and net revenue pushed ahead from £100,686 to £222,889. A final dividend of 0.6p (0.4p) lifts the nat total to 9.85p—last year 0.8p was paid, including a special payment of 0.2p.

Excluding the recent rights issue proceeds group net assets rose by 98 per cent to £16.7m at year-end.

See Lex

Fennoscandia

Fennoscandia—a new London-based joint venture equally owned by Skopbank of Finland aod SwedBank of Sweden, has begun operations as a licensed deposit-taker.

The institution has paid-up share capital of £10m and will offer a raoge pf wholesale banking services with particular emphasis on services to the Finnish and Swedish corporate sector, and other areas of international banking.

Advance Services

Pre-tax profits of linen supply, laundry services company Advance Services, part of the British Electric Traction Company, increased slightly from £2.14m to £2.2m for the first six months of 1983, and the interim dividend is lifted from 1p tp 1.1p net per 10p share.

Turnover edged ahead to £18.7m, compared with £18.48m, and after tax pf £659,000 (£835,000) earnings were 3.68p (2.94p).

Hunting Associated edges ahead to £2.4m midway

FOLLOWING ACTION taken in 1982 to curtail loss making activities, taxable profits of Hunting Associated Industries edged ahead from £2.13m to £2.37m in the first half of 1983, on slightly higher turnover of £82.03m, compared with £81.52m.

The directors of this aviation support, engineering, resource surveys and photography concern say that despite tha improvement most of tha group companies continue to face competitive and difficult conditions. Nevertheless they expect profits for the full year to be akin to those prior to 1982.

Basic earnings per 25p share are given as 10.65p (10.36p) and the interim dividend is lifted from 2.5p to 3p nat. This is in line with the directors' prediction—made in May at the time of a rights issue of convertible unsecured loan stock—of a 6p ordinary distribution for 1983.

For 1982 a total distribution of 5p was paid from pre-tax profits pf £4.37m and earnings per share of 20.35p.

Trading profits for the half year came to £3.68m (£3.4m) and associates contributed £817,000 (£807,000). Interest payable took £1.93m (£2.08m).

After tax of £750,000 (£837,000) net profits emerged at £1.62m (£1.29m). Minorities absorbed £305,000 (£14,000) and following extraordinary credits of £388,000 (nil) attributable profits were £1.7m (£1.28m).

The extraordinary items comprised the net of the profits on disposal of interests in Woodhunt and Charles Booth of £710,000 less rights issue expenses of £322,000.

The results of the Zimbabwe subsidiaries have not been consolidated.

● comment

Hunting's rights issue came too late to make any impact on its heavy horrowings in the first half. But if the convertible loan stock is treated as equity, gearing in the current period has fallen from 100 per cent of shareholders' funds to around 60 per cent. If loss eliminations arising from staff reductions at tha recession-hit Canadian aircraft servicing company are stripped out, it looks as if underlying earnings were at best static. Profits at resource surveys and at the 23 per cent-owned oil drilling services associate were down slightly due to a general decline in oil exploration. Engineering held up rather better thanks to its dependence on defence contracts. Meanwhile, the completion of a number of long-term contracts in the current half could lift the full year's profits tn around £6.5m pre-tax, against £4.4m. At yesterday's price of 195p, up 10p, that puts the shares on a multiple of nearly 9.5, assuming a 39 per cent tax charge.

Pineapple unveils £1.5m rights

BY DAVID DODWELL

Debbie Moore, whose Pineapple Dance Studio was brought to the USM in November last year, yesterday unveiled a rights issue to raise £1.5m, which is intended to finance expansion in the U.S., on New York's Broadway.

Pioeapple also announced pre-tax profits for the year to July 31, 1983 pf £156,000. This compares with £104,000 last year. Turnover for the group bas risen from £769,000 to £1.4m. A dividend of 1.5p for the year will be paid on December 19.

The rights issue, of 1.67m shares, is oo a 5-for-6 basis at 95p per share and approximately doubles the net wprth pf tha group. Debbie Moore and her husband, Mr N. Masters, who hold rights to 60 per cent of the company's shares, have made arrangements to place the majority pf their entitlement.

The balance of the issue is being underwritten by Procroft, a licenced deposit taker controlled by Mr Michael Ashcroft's Hawely Group, which is acting as Pineapple's financial advisor.

Debbie Moore also revealed yesterday that Mr Wayne Sleep is tp resign as a director of the company. He joined the board when it went public in November, but heavy pressure of work has made it difficult for him tp devote time to Pineapple's affairs.

The greater part of the proceeds frpm the rights issue are to be used to complete the purchase of, and refurbish, a property on New York's Broadway for $1.85m (£1.25m) by Pineapple's U.S. subsidiary, Pineapple Broadway.

The dance and movement centre to be established there will eventually encompass 15 large dance studios, an off-Broadway theatre, a dancewear shop, a physiotherapy department, showers and changing rooms, and a cafe and restaurant.

Debbie Moore is confident that soon after the first studios open, in March or April next year, the company would overtake the 35,000 London membership of Pineapple.

From the balance of the rights issue proceeds, Pineapple will fund its 25 per cent interest in a company to be known as Pineapple Kensington, which will comprise a new dance centre in South Kensington costing about £156,000.

Pineapple Kensington plans to raise a further £470,000 by placing shares representing 75 per cent of its share capital.

The rights issue also marks a departure for Mr Ashcroft's Hawley Group. This is the first financial advisory role it has taken since it was set up over two years ago. It will subscribe to a proportion of the shares being placed by Debbie Moore and Mr Masters—amounting to about 7.5 per cent of the group's expanded share capital.

In addition, Hawley has been granted an option to subscribe for shares amounting to a further 10 per cent of Pineapple's share capital. Hawley is unlikely to take up the option for about two years, and is in any case not entitled to exercise it before November 4 1984. The option is being granted "in consideration of the financial advice being offered by Procroft."

Mr Peter Bain, managing director of Kean and Scott, a Hawley Group subsidiary—and a mainboard member with Hawley—is being invited to join the Pineapple board as a non-executive director.

In the wake of the rights issue news, Pineapple's shares slipped by 8p to close at 115p.

Jayplant £44,000 profit

As hoped for, the second six months were more profitable for plant hire contractor Jayplant and the group pushed its pre-tax surplus up to £44,000 for the year to May 31 1983, which compares with the previous year's loss of £38,000.

In a statement accompanying the results Mr N. Langley-Pope, the chairman, says he anticipates that in the current year the loss incurred by the C. R. F. Hire subsidiary will be substantially reduced, or entirely eliminated, so that the drain on the group's overall profitability will be "terminated."

Turnover for 1982-83 improved from £663,000 tp £1.51m—the group's shares are traded on the Unlisted Securities Market.

Tax added £10,000 (£8,000) and extraordinary credits amounted to £3,000 (£17,000 debits).

Earnings emerged at 1.5288p per 25p share (nil).

The recent acquisitions of Michael Turner Handling Plant and Bristol Forklift Trucks have more than fulfilled their early promise

The group reported pre-tax profits of £15,626 at the midway stage (£8,898 loss)

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Airflow Streamlines	int.	0.25	Jan 2	0.25	—	0.75
Berry Trust		1.9	Dec 10	1.8	1.9	1.8
Cambrian and Gen.		0.6†	—	0.4	0.85	0.8‖
CASE	int.	1.36	Jan 5	1.58§	—	3.94¶
Hambros Inv. Trust	int.	1	Jan 4	1	—	3.4
Henry Boot	int.	3	—	3	—	14.5
Hunting Assoc.	int.	3	Nov 30	2.5	—	5
Millets Leisure	int.	2.95	Dec 15	2.95	—	8.95
Northern Secs.	int.	2	—	2	—	5
Ports. and S'land.	int.	1	Dec 16	1	—	3.75
Pineapple Dance‡		1.5	Dec 19	Nil	1.5	Nil
J. Smart		2.85	Dec 19	2.85	3.95	3.95
Sungei Bahru		2.25	Dec 16	0.75	2.75	1.25

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For nine months. ¶ For fifteen months. ‖ Including special 0.2p payment.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Officials indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:— Country Gentlemen's Association, Oslyn Packaging, El Oro Mining and Exploration, Exploration Co., Fortnum and Mason, A. Goldberg, Greig Shipping, Mallinson, Tern-Consulate.

Finals:— Oceana Consolidated, Singapore Para Rubber Estates, Town Centre Securities, W. Tyzack Sons and Turner.

FUTURE DATES

Interims:—

Ambrose Investment Trust	Nov 8
Bulgin (A. F.)	Nov 11
Intmtnl. Signal and Control	Nov 16
New Throgmorton Trust (1983)	Nov 8
Personal Assets Trust	Nov 11
Sainsbury (J.)	Nov 8
Unilever	Nov 15
Yorklyde	Nov 8

Finals:

Avon Rubber	Dec 7
Barton Transport	Nov 11
Bass	Dec 8
Morland	Nov 30
Wemyss Investment Trust	†Nov 9

UK COMPANY NEWS

J. Smart lower but beats its forecast

ALTHOUGH pre-tax profits at J. Smart & Company (Contractors) were down from £1.47m to £828,950 in the year to July 31 1983, the figure beats the £810,000 forecast in the interim report.

Group turnover, as adjusted for the change in stocks of finished goods and work in progress, rose from £12.63m to £13.58m. After tax considerably lower at £176,242 compared with £659,483, group profit on ordinary activities was £652,708 against £812,352.

The final dividend is unchanged at 2.85p net for a same-again total of 3.95p, and dividends for the year absorb £196,208 (same).

Earnings per 10p share fell from 8.06p to 6.47p.

The directors say the tax charge was arrived at after crediting £69,996 over-provisions in previous years.

CASE £1.5m in the black after first six months

FOR THE six months to the end of September 1983, Computer and Systems Engineering produced pre-tax profits of £1.46m, which compares with losses of £21,000 for the nine months to October 1 1982. Turnover for this computer supplier, which establishes data communications networks, expanded from £14.75m to £16.64m.

The net interim dividend has been proposed at 1.86p (1.575p). In the last full accounting period, which was for 15 months to the end of March, a final of 2.3635p was paid equivalent, the directors said, to an annual rate of 3.15p.

Earnings per 20p share came to 14.8p on an actual basis (loss 1p)—fully diluted they were also 14.8p (0.2p).

Orders during the period under review remained buoyant, say the directors. While shipments rose substantially on the pro-rated equipment period. Gross margins have shown some improvement over the corresponding period last year, despite a highly competitive market place. This reflects increasing penetration achieved by the DCX range of networking multiplexers and other Case manufactured products.

The company has continued to enhance the DCX range and further extend user switching capabilities that have been the key to this product's market dominance.

Heavy investment has continued in capital equipment, adding more than £1.6m during the period, and increased productivity has resulted throughout the business. A considerable number of future growth opportunities has been identified within the company's areas of expertise, and research and development projects are well advanced to meet these.

At the operating level profits came to £1.43m (losses £228,000).

Tax amounted to £57,000 (£68,000).

● **comment**

Computer and Systems Engineering, has established itself as one of the UK's leading telephone and data communications companies and is now laying the foundations to shift its position in the market to compete with the bigger network league. By enhancing its DCX range, for example, it widens the scope of applications to more hardware including IBM terminals. The speed with which Case has advanced has surprised even the mangement. They have to overcome a slight lag in recruiting an optimum sales force. Working capital requirements are going to be high but so far growth in sales and improving margins are keeping pace. Overseas sales, presently around 25 per cent should increase, especially in the U.S. as its distribution network is built up. Case should comfortably make pre-tax profits of £3.5m for the year. A similar increase in the dividend at the year end puts the shares, up 25p to 410p, on a modest actual tax prospective PE of under 12.

Winding up orders against 121 companies

Compulsory winding up orders against 121 companies were made by Mr Justice Nourse in the High Court. They were: Desai Polymer Sales, Charles Mitchell, Mailing and Mechanisation, Advanced Technologies and Research (UK), Carbide and Steel Engineering Company.

Central Credit Control (Midlands), Fulton and Co, Crancrete, Taylor Made Music, Ultralight.

Turnkey Refrigeration, AMG Supplies, Fleur De Coin, Best Style, Quillport.

La Colombina d'Oro, Arthur Richards and Sons (Stratford), Culver Construction Company, Corona Office Equipment, Burge and Gall.

Multicross, Chenhalls Garages (South-West), Torreston, To the Point, Fraser Ker Fishing Company (Newhaven).

Hackney Metals, Mason Leisure, Travel Systems, Mitshire, Exothermic Research.

Beckett, Penman and Co, Brian Coates, Hadenwood, Manchester Slate Company (Contracts). Arkesdan.

Weldgreen Safes, Brandon House, Emlynwood, "Excel" Plating Company, R. H. Branson and Sons (Contractors).

The Music Discount Centre, D and R Thorp Conversions, Strad (formerly Sturla Finance), Charnwood Graphics, New Horizon (K and G Kay).

The White Hart Hotel (Coggeshall), O and M Motors, American Uniforms and Accessories, Alpine Sports (Properties), Maltrade.

Ladysmith, PTA Fabrication (Nottingham), Shenor Engineering Service, Pagebrook, Troybell.

Levex (Prints and Fabrics), Rubyfield, Highline Aerial Company, K and B Electrical Installations (City Road), J R Specialist Deliveries.

M H Building Finishers, Ploughgrove, Planet Ceilings, The German Car Centre.

Hideglove, Reid Rendle-Mervill and Co, Yarrose Properties, Henry, Ruddock and Co, King and Tojeiro Precision Engineering (Barkway).

M. G. Murphy and Co, Town and Essex Building Company, WAW Building Contractors, DSR Properties, Lawrian Galleries.

Millicent Martin Productions, Interloc (Contracts), Bestmay, Granboro Frozen Foods, Apollo Mechanical Systems.

Go Downtown, Earlstoke, Cavendish House, Newpark Towing Company (Shrewsbury), Queensway Management Services.

Bonusadd, ARK Enterprise (Biggin Hill), Airbourne, Hayrise, DPC Electronics.

Ayrsonth, Kingscliffe Machinery, Bastionworth, The Hotel Godiva, MJ Realisations.

Ramblix, Asterdean, Uptodate, Daywood Industrial and Commercial Developments, Trafalgar Construction and Design Associates.

Malvern Festival Society, Ambler Construction, Musson Flooring Supplies, Technicon International Management Services, Monte Video.

Castle Inn (Lulworth Cove), H. Kitson Vickers and Sons (Engineers), GO TO IT Cafe, Anglia International Furniture, Traitplan.

Hudson Renovations, Medcast, Lynton Building and Landscape Company, Chelmon, Thorstate.

Computer Cover, JBT Builders, Newbuild, Monique, Alpha Productions, Rotacrete, Elliott and Sisson.

MINING NEWS

Hampton Areas in new venture

BY KENNETH MARSTON, MINING EDITOR

FOLLOWING THIS week's news that Hampton Gold Mining Areas is to pay $10m (£6.7m) to buy an interest in two major ventures to develop big, but low grade, deposits of gold in Colorado, the London company announces a "cost-free" gold exploration deal on part of its ground near Kalgoorlie in Western Australia.

The latest deal concerns Hampton Areas' location 53 lease which is close to the company's location 48. Readers with memories of the wild Australian nickel exploration boom of the late 1960s and early 1970s will recall that it was the discovery of nickel on location 48 that transformed the fortunes of Hampton Gold Mining Areas.

Nickel shoots from Western Mining's Kamblada discovery—which triggered the nickel rush—were found to extend into location 48. A deal was reached whereby Western Mining would mine them in conjunction with its Kambalda operations in return for royalty payments to Hampton Areas.

It was these royalties, still continuing, which provided the base for Hampton Areas' subsequent expansion into a mining house.

Gold has long been known to exist in the area, of course, but nickel was the target of the day. Thus Placer Prospecting (Australia), an offshoot of Canada's Placer Development, searched for nickel on Location 53 but was unsuccessful, as were so many others in those days.

These days gold is the lodestar. Consequently, a joint venture has been formed between Hampton Areas, Electrolytic Zinc of Australasia (a subsidiary of EZ Industries) and the small Australia Pacific Resources to search for location 53's forgotten gold.

The area involved, covering some 6,672 hectares (16,240 acres), contains the old Ajax and Mt Marion gold workings which were closed in the 1940s.

Hampton Areas will have a free interest in the joint venture. The other two partners will pay for the exploration work until at least A$1.5m (£0.9m) has been spent and possibly to A$3m at which stage they will have earned a 75 per cent interest.

If the search turns up a mining proposition then, presumably, Hampton Areas will have to find its share of the costs of taking it to production. Otherwise, the deal will carry no cost to Hampton Areas which may be able to turn to advantage a long sleeping asset.

Ireland's Bula under financial pressures

THE IRISH Government is considering the implications of an out of court settlement by which the directors of Bula agreed to pay almost I£4m to one of the company's bankers by next February.

The Government holds a 49 per cent stake in Bula which owns part of the lead and zinc ore body at Navan in County Meath, reports Brendan Keenan from Dublin.

The settlement was in favour of the Northern Bank Finance Corporation (NBFC) a subsidiary of Midland Bank. Bula had already paid two quarterly instalments of money owing to NBFC, partly with the help of Government funds.

Substantial sums are also owed to Allied Irish Bank and Ulster Bank—a Natwest subsidiary—but Bula remains optimistic that it can overcome the crisis and end the 10-year saga of attempts to get its mine into production.

Bula failed to get planning permission for open-cast mining at the site but hopes to be granted permission for underground development within the next two months. This, the company believes, would enable it to attract new investors and negotiate a refinancing package.

There is disagreement, however, about whether separate underground mining of the Bula ore would be economic. Bula estimates development costs at I£35m but others put the figure as high as I£50m.

Bula shares the orebody with Tara Mines and the ideal solution from the Government's point of view would be an agreement to jointly develop the mine. Tara has been reluctant to get involved because of Bula's estimated I£10m liabilities and because it believes metal prices may fall again in two years' time when Bula would be coming on stream with 150,000 tonnes of concentrate.

It is thought that Tara would be interested only in a complete takeover of Bula and even then its terms would be tough. The company is bracing itself for renewed Government pressure to reach an agreement.

Oakbridge now losing money on its coal

HOPES THAT Australia's Oakbridge coal and tin mining and industrial group would fare better in the second half of the year to June 30 have been dashed in the final quarter by sharply lower export prices for coal coupled with higher costs.

Net profits for the year come out at A$8.85m (£5.44m) compared with A$10.1m in the previous year. Oakbridge has maintained the dividend total at 7 cents. Since the year-end 8m new shares were placed at a price of 129 cents with institutional and private investors, raising a net A$10m for working capital.

Mr Grahame Mapp, the chairman, says that the coal division is now operating at a loss. He adds: "Since there is no prospect for increased selling prices until the middle of next year at best, the trading position of the division can only deteriorate unless rail and port charges are reduced."

Another comment on the difficulties facing coal exporters has come from Mr S. P. Ellis, chairman of South Africa's Trans-Natal Coal Corporation. "Coal stockpiles of consumers are full to overflowing world-wide," he says, adding that export prices are not expected to improve before 1985.

North Kalgurli selling its gold forward

FOLLOWING an operating loss of A$1.06m (£652,000) in the year to June 21, the Australian gold-producing North Kalgurli has made an operating profit of A$355,000 in the subsequent 12 weeks to September 13.

Increased mill throughput resulted in gold production rising to 12,311 oz during the latest quarter compared with 6,421 oz in the same period of last year.

North Kalgurli is selling its gold forward. Under an agreement made on October 7 with Hill Samuel Australia the mine has so far sold forward 10,400 oz of gold at an average price of A$467 per oz, equal to about U.S.$429. Gold was U.S.$382½ in London yesterday.

Under the deal, Hill Samuel will buy all of North Kalgurli's gold production for one year. The mine is selling forward a maximum of 50 per cent of expected gold output for not more than six months ahead while the rest is being sold for either the market price at the time of production or an agreed floor price, whichever is the greater.

A controlling stake of 28.9 per cent in North Kalgurli is held by Metals Exploration whose other main interest is a 50 per cent holding in the Greenvale nickel operation in Queensland.

* * *

The small Australian exploration company Afro-West Mining has recovered the first diamonds from a group of claims on Smoke Creek, close to the Argyle Diamond Mines joint venture in Western Australia.

Afro-West, which is in a joint venture on the claims with Aracca Minerals, described the initial results as highly encouraging

UK COMPANY NEWS

BIDS AND DEALS

Airflow Streamlines improves

IN THE first half to August 31 1983, Airflow Streamlines, which makes assemblies and pressings for the automobile and allied industries, rose from pre-tax profits of £169,092 to £180,000. Turnover advanced by £2.69m to £13.35m.

With earnings per 25p share given at 0.95p (0.74p) basic, and 0.71p (0.55p) fully diluted, the interim dividend is being maintained at 0.25p net. A total distribution of 0.75p was paid from taxable profits of £431,594 in the year to February 28 1983.

The directors say some improvement in demands is now being experienced in the manufacturing division. After achieving record sales in August they expect that sales and services in the motor division will continue at a satisfactory level.

Margins however remain under pressure in both divisions they report.

Tax took £93,600 (£96,432) leaving net profits of £86,400 (£72,660). After preference dividends of £25,752 (same) and ordinary dividends of £15,907 (same), the retained profits came to £44,741 (£31,001).

Sungei Bahru Rubber

A substantial upturn in pre-tax profits—up from £43,819 to £129,608—is reported by Sungei Bahru Rubber Estates for the year to June 30 1983. The final dividend is hoisted from 0.75p to 2.25p net for an improved total of 2.75p against 1.25p. Earnings per share also improved from 1.52p to 3.05p.

Turnover rose from £621,607 to £710,185, and there was an operating surplus of £90,625 against a loss of £825. The operating surplus was after replanting and replacement expenditure totalling £61,853 (£104,591). Investment income was lower at £38,983 (£44,644). Tax for the year jumped from £4,264 to £50,499.

Milletts expects improvement

A PRE-TAX deficit of £172,000 against a £399,000 profit was recorded by Milletts Leisure Shops, in the 26 weeks to August 1 1983.

However, after stripping out a £24,000 (£765,000) surplus on the sale of fixed assets there was a reduction in the trading loss, after other charges, from £366,000 to £196,000.

Trading of this leisure wear retailer, improved in the first six months compared with the same period last year, the directors say.

They emphasise that in the previous years most of the trading profit has been earned in the second half. For the 12 months to January 1 trading profits of £206,000 were made. The pre-tax profit was £867,000 with the surplus on disposal of fixed assets at £661,000.

Confidence that the difficult trading conditions of 1981 and 1982 have passed, is expressed by the directors. They say that together with the benefits from implementing firm management policies trading profits should now improve.

Turnover for the opening six months expanded to £8.7m compared with £8.3m, from which an operating profit of £200,000 against £183,000 was made.

From this surplus, depreciation took £271,000 (£272,000), interest £130,000 (£264,000), and share of profit of associated company £5,000 (loss £13,000).

Tax absorbed £22,000 (£46,000), and below the line minorities accounted for £9,000 (£8,000).

A £329,000 transfer from reserves, against a £241,000 transfer to, gave an attributable balance of £126,000 compared with £104,000.

A maintained interim dividend of 2.95p is being paid and absorbs £126,000 (£104,000).

Last year an unchanged final of 4p maintained the total at 6.95p net, with earnings per share given as 11.7p.

• comment

While the difficult trading conditions and rationalisation of the past two years has left its scars at Milletts, last year's property sales have put the company on a much firmer footing. For a company whose business is seasonal and subject to the vagaries of the British weather, gearing was allowed to run up too high when it was decided to buy the freehold of the main distribution depot in Northampton two years ago. Interest charges are now half the level of a year ago, so there is much more scope to take advantage of the improving trading outlook, especialy as the new computer is improving stock control and most of the smaller, unprofitable units are now out of the way. This must not, however, detract from the company's underlying trading disadvantage in times of plenty in that it is positioned at the lower end of the leisurewear market. This means it does not get the full blast of the spending spree—a factor all too evident in these latest figures. It will get some spin-off, however, and around £650,000 pre-tax looks possible this year given the usual second half bias. On a slightly lower tax charge than last year the prospective p/e is over 14 at 147p, while the yield is around 7 per cent on a similar dividend payout.

Uniroyal

Profits of Uniroyal, the rubber, plastics and chemical company, dived from £2.25m to £1.51m for the six months to July 3 1983 before tax of £250,000—there was no charge last year.

Turnover declined by almost £1m to £31.49m. Earnings per share dropped from 30.7p to 17.2p.

The company's shares are all held by Uniroyal Inc.

New company will effect Charterhouse/RIT merger

A NEW holding company, Charterhouse J. Rothschild, is to be formed to effect the merger of the Charterhouse Group and RIT and Northern. It will make simultaneous share exchange offers for the whole of the fully paid ordinary share capitals of both Charterhouse and RITN.

Under the deal, 100 ordinary shares of 25p each in Charterhouse J. Rothschild will be offered for every 100 ordinary shares of 25p each of Charterhouse. RIT and Northern shareholders will receive 227 ordinary shares of 25p each for every 100 ordinary 25p shares they own.

The total number of ordinary shares of Charterhouse J. Rothschild to be issued for the existing fully paid ordinary share capitals of Charterhouse and RIT and Northern will be approximately 166.6m (44 per cent) and 211.8m (56 per cent) respectively.

Both sides said yesterday that the relative terms of exchange broadly reflect the current market capitalisations of the ordinary shares of Charterhouse and RIT and Northern.

RIT and Northern owns 200,000 ordinary shares of Charterhouse. No ordinary shares of RIT and Northern are beneficially owned by Charterhouse.

Caledonian Associated

Caledonian Associated Cinemas has sold its photographic and audio retailing interests, carried on under the names of Elene Mae and Grampian Laboratories.

Hamilton Tait, another Scottish-based company which already operates in this field, is now the owner of these companies.

Queens Moat pays £9m for three Saxon hotels

BY DAVID DODWELL

Queens Moat Houses has purchased the three remaining Saxon Inns from Furness Withy, shipping and exploration group, for £9.3m cash.

The two other hotels that made up the Saxon Inns chain were bought by Queens Moat in September this year for £2.5m. Mr John Bairstow, Queens Moat chairman, said yesterday that he was well pleased to have been able to acquire the whole group intact.

Just three days ago, Mr Bairstow revealed that his group had exchanged contracts to buy the Stratford-upon-Avon Hilton International from the Lex Services group for £5.7m.

Queens Moat now owns 54 hotels—all but one of them in the provinces—making it the largest provincial hotels group in the UK. It leapt to prominence in February last year when it bought 26 County Hotels from Grand Metropolitan for £30m.

The Saxon Inns acquired yesterday — against competition from several bidders — are in Northampton, Peterborough and Harlow. They will all take the Moat House name. The other two Saxon Inns were at Gatwick and in Blackburn. Together, they had a turnover in 1982 of about £7.5m.

Mr Brian Shaw, chairman of Furneses Withy, said yesterday that Furness had held a comparatively small stake in provincial hotels over the recent past, and had decided that the group should either build up that stake, or dispose of it.

Having decided to sell, the funds raised would be used for investment in shipping or north sea oil exploration, he said.

Furness Withy now has just two hotels — both in New Zealand. The Mahe Beach hotel in the Seychelles was sold last year.

After Queens Moat completes its latest purchases — by December 4—its borrowing will rise to about £34m. On January 1 next year, gearing is expected to rise to 81 per cent if convertible loan stock is taken as debt. If it is taken as deferred equity, then gearing slips to 60 per cent.

Mr Bairstow said yesterday that he was making arrangements to fund the purchases by long term borrowing—12-15 year term loans, fixed interest stock, or a combination of both. The company's shares rose by ½p on the news, to reach 33½p at the close of trading in London.

Siebe still on Tecalemit trail

BY RAY MAUGHAN

Siebe Gorman, the protective clothing, engineering and safety products group has edged its control of Tecalemit up to 15.2 per cent. But, rather than amend the terms of its disputed equity and partial cash alternative bid for the garage products manufacturer before the offer reaches its second closing date next Wednesday, Siebe has simply concentrated on an examination of the commercial reasons for a merger.

The bidder sees an affinity between Tecalemit's specialist activities in lubrication and fluid engineering and its own specialism in gas flow engineering. More particularly, it sees a complementary fit between the two groups' interests in lifting and jacking products and their pipe real operations.

Tecalemit, as one of the central plans of its defence, has stoutly denied the existence of any commercial logic in a successful offer. But, Siebe assets that "there are considerable similarities in our products, engineering technology and manufacturing techniques."

Tecalemit is also basing its defence on the scope of a trading recovery following the disappointments in the year to March last. It says that profits in the subsequent six months have climbed from £24,000 to £603,000, taking in an element of property disposal profits, and forecasts total profits of £1.75m, against just £147,000, in the current year.

Siebe finds this recovery "feeble" and points out that between the second half of the last financial year and the first half to September "operating profits increased by the insignificant sum of only £176,000," excluding property profits. "This was the more disappointing as Tecalemit claims to have reduced its cost base between September 1982 and March 1983 by some £3m on an annualised basis. We find this hard to reconcile with the poor interim results," they say.

Fitch Lovell pays £9m for W. A. Turner's frozen meats

By Charles Batchelor

Fitch Lovell, the food wholesaler and manufacturer, has bought W. A. Turner, the Tunbridge Wells, Kent, based manufacturer of fresh and frozen meat products for up to £9m.

Fitch has paid an initial £5.5m, with the possibility of another £3.5m depending on Turners' profits performance in the period from October 1983 to April 1986.

Turners made an estimated pre-tax profit of more than £925,000 in the year ended October 1 1983. It has net assets of an estimated £2.9m.

The meat products business of Turners will fit in with Fitch's existing Millers and Robirth brand activities, while its ready meals and snacks business will make it easier for Fitch to develop in that direction, Fitch said.

Fitch described the Turners' purchase as its third strategic move in as many weeks. Just over a week ago its frozen food distribution subsidiary, Blue Cap Frozen Food Services, bought P. H. Foods from Kellogg Company of Great Britain for an estimated £650,000 cash.

Fitch last month sold its Scottish fish farming activities to Norsk Hydro, the Norwegian industrial and energy group for £1.7m, thus completing its withdrawal from the agricultural, fisheries and feed business.

The initial £5.5m payment comprises £2m in cash; £1.5m from the issue of 925,000 ordinary 20p shares of Fitch; and £2m of new variable rate unsecured loan stock 1984-88.

Fitch's shares rose 1p to 162p yesterday.

No probe

The Secretary of State for Trade and Industry, has decided not to refer the acquisition by D. R. and F. H. Barclay of Ellerman Lines to the Monopolies and Mergers Commission.

Establishment Plambuit lifts stake in D. Dixon

BY DAVID DODWELL

Mr Harry Turpin, chairman of David Dixon, the loss-making hosiery, leisurewear and knitted fabrics group, revealed yesterday that Establishment Plambuit, a company registered in Lichtenstein, had recently raised its stake in the company to 23.4 per cent.

Mr Turpin said he was writing to the owner of Establishment, who is understood to be a stockbroker based in Cyprus, asking him whether other nominee holdings in Dixon might also be linked to the company. He has no indication that Establishment intends to make a bid for Dixon.

Over the past year, Establishment has, through a series of nominee holdings, been steadily building up its stake in Dixon. The latest increase—from 17.34 per cent to 23.4 per cent—was notified to Dixon in a letter from the owner of Establishment about a week ago.

On October 28, Dixon revealed that its losses for the year to March 26 1983 had stretched to £424,000, from £18,000 a year ago. The main reason for the loss was forced sales of large stocks of fine-gauge hosiery and stock write-offs in the hosiery division.

Mr Turpin yesterday declined to comment on the group's future prospects, noting that his statement would be published in the company's printed accounts, due to be released in 14 days. The company's shares remained unchanged on the day at 86p.

Freemans

The Provident Mutual Life Assurance Association has become interested in 3.63m ordinary shares of Freemans, 5.134 per cent of the company's issued ordinary share capital.

BANK RETURN

	Wednesday November 2 1983	Increase (+) or Decrease (—) for week

BANKING DEPARTMENT

Liabilities	£	£
Capital	14,553,000	—
Public Deposits	39,388,925	— 1,179,874
Bankers Deposits	599,775,751	— 60,221,536
Reserve and other Accounts	1,661,448,916	+ 94,948,387
	2,315,167,592	+ 33,547,178
Assets		
Government Securities	484,795,857	— 18,395,000
Advances & other Accounts	853,335,037	+ 4,368,116
Premises Equipment & other Secs.	969,684,093	+ 53,192,179
Notes	7,170,402	— 6,624,472
Coin	182,203	+ 5,353
	2,315,167,592	+ 33,547,176

ISSUE DEPARTMENT

Liabilities	£	£
Notes issued	11,400,000,000	+ 10,000,000
In Circulation	11,392,829,598	+ 15,624,472
In Banking Department	7,170,402	— 6,624,472
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,404,620,794	+ 250,911,996
Other Securities	7,984,364,106	— 240,911,995
	11,400,000,000	+ 10,000,000

CONTRACTS AND TENDERS

Magnatex

Magnatex Holdings was acquired by GLEB Investments on November 2. On the same day Messrs G. C. H. Lawson, G. F. Chapman, M. R. Lawson and L. Grahame resigned from the board and all of its subsidiaries. Mr M. A. Newman, previously managing director of the main subsidiary, Magnalite, has been appointed group chief executive.

Hestair Group

Hestair Group plans to expand its computer activities by acquiring Butel-Comco, of North London, through its computer subsidiary Hestair Dataline of Leicester.

Hestair's group interests range from Dennis Fire Engines to Kiddicraft Toys.

Butel-Comco distributes a range of printers and terminals and the takeover will enable Hestair Dataline to extend its distribution in the South East.

Comco's products will continue to be supplied and serviced by the existing staff at their facilities in North London.

Butel Business Systems is not included in the takeover and its directors say the new arrangement will enable the systems company to continue its separate and highly successful development.

Cadbury Schweppes

Cadbury Schweppes has placed its two small companies engaged with Schweppes products in Italy into voluntary liquidation, with effect from October 28.

The two companies are Schweppes Italia, SPA, and Schweppes Mix, SPA. They employ 155 people and arrangements are being made to implement local redundancy terms. The factory is situated in Milan.

Italy has never been a significant market for Schweppes products and recent losses were disproportionate in comparison with the market opportunity for the Schweppes brand, the directors say.

Intervision delays results

Intervision Video (Holdings), which came to the Unlisted Securities Market in late March, is to delay the publication of its preliminary 1983 figures because its auditors have not finalised the group's provision for tax liabilities.

Mr John Woolgar, managing director of Hil Woolgar, financial advisers to Intervision said: "Intervsion notified the Stock Exchange that a board meeting was being held today to issue preliminary figures.

"The auditors, Stoy Hayward & Company, having had notification of that fact, had not done the necessary work to determine the tax provision and they required another two to three days. There is no argument between Intervsion and the tax man."

Stoy Hayward was unavailable for comment last night.

In March, Intervision announced a pre-tax profit of £420,000 in the six months ended December 31, slightly down on the comparative period's £437,000, on turnover 17.6 per cent higher at £3.31m.

Intervision's shares were 1p lower at 29p yesterday.

Green's Economiser

Documents have been sent by the Senior Engineering Group to the holders of the £785,400, 9¼ per cent unsecured loan stock 1994-99 of Green's Economiser Group containing proposals for the exchange of their stock for new Senior Engineering 9¼ per cent unsecured loan stock 1994-1999.

Eagle Star directors give green light to BAT bid

THE board of Eagle Star Holdings yesterday officially recommended the £796m bid for the group from BAT Industries—Britain's biggest takeover bid.

In a letter to shareholders, Sir Denis Mountain, chairman of Eagle Star, points out that the cash offer of 575p a share is 15 per cent higher than the current bid offer of 500p from Allianz Versicherung, West Germany's largest insurance group and 27 per cent higher than the middle market quotation on October 18 1983—the last day before the Allianz bid.

The letter reaffirms the board's view that the opportunities open to the Eagle Star Group can only be enhanced by becoming part of the BAT Industries Group—the third largest UK company.

Eagle Star shareholders are again urged not to sign any documents sent by Allianz.

The publication of the letter stopped a slip in the share price of Eagle Star, which ended the day 5p up at 590p.

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel	§ 9 %
Amro Bank	9 %	C. Hoare & Co.	† 9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland	Ω9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9½%	Standard Chartered	‖ 9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings	¶ 10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank	* 9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Edward Manson & Co.	10 %		
Robert Fraser	10 %		
Grindlays Bank	‡ 9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months 9.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6¼%, £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5½%.
§ 21-day deposits over £1,000 5¼%.
¶ Demand deposits 5¼%.
¶ Mortgage base rate.
Ω Money Market Cheque Account— 8.80%. Effective annual rate— 9.18%.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday November 4 1983

Payment in kind to U.S. farmers queried, Page 34

WALL STREET

Institutions shy to take initiative

BOND PRICES sagged on Wall Street yesterday as major investors backed away from the market while awaiting a resolution of the impasse over the Treasury debt ceiling, *writes Terry Byland in New York.*

The unwillingness of the major investment institutions to commit themselves to investment strategies while the Treasury's quarterly funding plans remain in limbo also undermined support for leading stocks.

With no signs of progress on the debt ceiling problems the stock market ended the session at the day's lows. The Dow Jones industrial average was 10.17 down at 1,227.13. Shares traded totalled 85.5m, moderate by recent standards. There were 660 stock gains to balance 893 with losses.

But across the broad range of the market, a number of firm sectors developed. Rail issues were strong again and airlines also attracted buyers.

Setting aside the delay over the Treasury funding, which is expected to be resolved next week, the mood of the stock market appeared more optimistic. A steadier tone in the smaller high-technology issues prompted several market gurus to suggest that the shake-out in the market might be nearing its end.

The American Stock Exchange the trading form for a wide range of smaller stocks, edged higher for much of the day.

The lack of institutional interest showed itself in falls by stocks usually favoured by the pension funds, mutual funds and similar large portfolio holders.

IBM shed $2¾ to $123⅞, Monsanto $2¾ to $106⅞, R. J. Reynolds $1¼ to $59⅞ and Union Pacific $1⅜ to $53⅜.

Pan American was unchanged at $7⅞ on a disclosure that passenger traffic had recorded another sharp rise last month. Domestic air carriers also moved higher, led by United, $¼ up at $31½, and American, $¼ higher at $33⅞.

Among rail issues, Burlington Northern at $106½ lost $⅛ while CSX at $24¼ held steady.

Motor issues appeared slow to respond to the latest sales statistics, although General Motors at $76¾ lost $⅝. Chrysler, with two assembly plants hit by a strike, lost $½ to $26¼ as the market viewed with some nervousness this sign that the group's honeymoon with its workforce may be over.

AT & T shed $⅜ to $61¼ following news of reductions in the workforce planned for the post-deregulation period. ITT strengthened $⅛ to $41½.

Other heavy industrial stocks showed mixed changes, with Minnesota Mining and Manufacturing $1⅛ up at $83⅜, Rockwell $⅛ better at $29¼ and McDonnell Douglas $⅝ higher at $51⅞. But Union Carbide moved $1 off at $64¼, Du Pont dipped $½ at $50⅞ and Armco Steel was unchanged at $17⅛.

Greyhound, operator of the nationwide inter-city bus services, eased $¼ to $21⅞ as the drivers struck, bringing services to a halt.

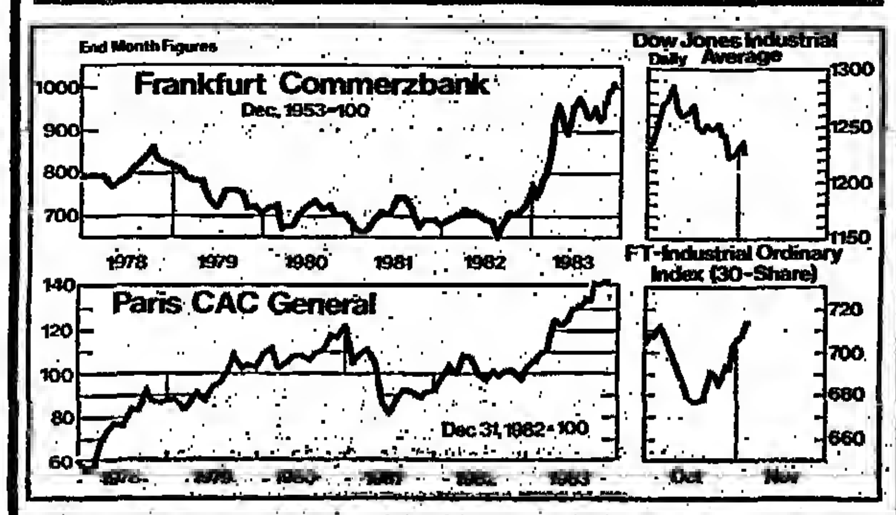
Algoma Steel lost $½ to $21⅞ after announcing results, while R.J. McDermott at $24¼ lost $½ on its trading figures.

KLM, the Dutch airline in which stock is traded in the U.S. in the form of American Depositary Receipts, added $½ to $54⅞ in response to results.

Canal Randolph jumped $8½ to $96 on the company's statement about property sales plans.

Discounts on Treasury bills edged higher in reflection of the scarcity of bills in the market during the Treasury funding impasse. Interest remained thin at the longer end and prices fell away as the Federal Reserve avoided intervening.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 3	Previous	Year ago
NEW YORK			
DJ Industrials	1227.13	1237.3	1065.49
DJ Transport	583.71	584.08	449.57
DJ Utilities	139.93	140.61	122.88
S&P Composite	163.45	164.84	142.67
LONDON			
FT Ind Ord	714.7	707.8	629.5
FT-A All-share	444.42	440.02	388.16
FT-A 500	481.73	476.24	433.25
FT-A Ind	438.36	433.83	402.69
FT Gold mines	466.2	477.9	399.3
FT Govt secs	82.24	82.22	85.27
TOKYO			
Nikkei-Dow.	closed	9344.12	7395.62
Tokyo SE	closed	685.34	547.82
AUSTRALIA			
All Ord.	687.7	685.1	511.8
Metals & Mins.	510.2	504.1	417.2
AUSTRIA			
Credit Aktien	53.72	53.92	47.55
BELGIUM			
Belgian SE	122.28	121.87	98.34
CANADA			
Toronto Composite	2404.5	2403.18	1887.3
Montreal Industrials	422.96	422.03	333.36
Combined	406.98	406.41	319.01
DENMARK			
Copenhagen SE	196.17	194.74	92.00
FRANCE			
CAC Gen	141.00	140.9	100.6
Ind. Tendance	149.5	149.6	119.4
WEST GERMANY			
FAZ-Aktien	337.73	339.49	232.28
Commerzbank	1003.4	1007.4	702.6
HONG KONG			
Hang Seng	866.71	366.9	864.55
ITALY			
Banca Comm.	187.79	188.39	165.47
NETHERLANDS			
ANP-CBS Gen	136.1	134.8	97.0
ANP-CBS Ind	110.6	109.8	75.0
NORWAY			
Oslo SE	203.46	203.53	105.43
SINGAPORE			
Straits Times	940.3	937.32	730.45
SOUTH AFRICA			
Golds	700.9	701.6	727.0
Industrials	877.5	877.5	681.3
SPAIN			
Madrid SE	127.99	127.6	101.61
SWEDEN			
J & P	1427.76	1412.16	750.33
SWITZERLAND			
Swiss Bank Ind.	355.3	354.1	284.6
WORLD	Nov 2	Prev	Yr ago
Capital Int'l	178.8	177.8	145.7

GOLD (per ounce)

	Nov 3	Prev
London	$377.625	$382.125
Frankfurt	$377.75	$383.25
Zürich	$377.50	$383.50
Paris (fixing)	$382.52	$383.87
Luxembourg (fixing)	$383.25	$383.00
New York (Nov)	$383.00	$383.10

* indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Nov 3	U.S. DOLLAR Previous	STERLING Nov 3	STERLING Previous
$	–	–	1.4895	1.4875
DM	2.6545	2.644	3.955	3.935
Yen	234.25	234.45	349.25	349
FFr	8.075	8.0425	12.025	11.96
SwFr	2.158	2.15	3.2175	3.20
Guilder	2.974	2.9625	4.4325	4.41
Lira	1609.5	1606	2394.5	2388
BFr	53.86	53.72	80.25	79.9
C$	1.23275	1.23275	1.836	1.8335

INTEREST RATES

	Nov 3	Prev
Euro-currencies (three month offered rate)		
£	9⅝	9⅝
SwFr	4⅛	4 [illegible]
DM	5 [illegible]	5 [illegible]
FFr	12 [illegible]	12 [illegible]
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 [illegible]	9 [illegible]
6-month U.S.$	9 [illegible]	9 [illegible]
U.S. Fed Funds	9½	9⅝
U.S. 3-month CDs	9.35	9.35
U.S. 3-month T-bills	8.62	8.47

U.S BONDS

Treasury	Nov 3 Price	Nov 3 Yield	Prev Price	Prev Yield
10½ 1985	99 [illegible]	10.57	99 [illegible]	10.55
11⅛ 1990	99 [illegible]	11.62	99 [illegible]	11.53
11⅞ 1993	100 [illegible]	11.72	101 [illegible]	11.66
12 2013	101 [illegible]	11.83	101 [illegible]	11.76
Corporate	**Nov 3 Price**	**Nov 3 Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	93¾*	11.75*	93⅜	11.75
3⅞ July 1990	68⅝*	10.65*	68⅜	10.50
8⅜ May 2000	76*	12.15*	76	12.15
Xerox				
10⅜ March 1993	91⅝*	12.15*	92⅛	12.05
Diamond Shamrock				
10⅜ May 1993	90⅞*	12.30*	90⅞	12.30
Federated Dept Stores				
10⅜ May 2013	87.132*	12.25*	87.132	12.25
Abbot Lab				
11.80 Feb 2013	96.396*	12.25*	96.396	12.25
Alcoa				
12⅛ Dec 2012	96.16*	12.75*	96.16	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	70–14	70–26	70–10	70.26
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.04	91.14	91.02	91.15
Certificates of Deposit (IMM) $1m points of 100%				
December	90.38	90.44	90.35	90.44
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.21	90.27	90.21	90.30
20-year Notional Gilt £50,000 32nds of 100%				
December	108–15	108–22	108–13	108–18

COMMODITIES

(London)	Nov. 3	Prev
Silver (spot fixing)	583.75p	589.90p
Copper (cash)	£914.00	£933.50
Coffee (Nov)	£1846.00	£1861.00
Oil (spot Arabian light)	$28.45	$28.45

LONDON

Keen search amid stock shortage

INSTITUTIONAL support was again evident for selected London equities yesterday but buyers' interest generally centred on companies about to report trading statements or situation and speculative issues.

Leading industrials advanced for the fourth successive session in markets affected by stock shortage. The FT Industrial Ordinary index rose 6.9 more for a rise so far this week of 23.6 to 714.7.

Insurances remained a key sector in the wake of BAT Industries' 575p a share bid for Eagle Star. Hopes that the original bidder, Allianz Versicherung, would return with a counter-offer took Eagle Star 5p further up to 590p.

Details, Page 29; Share information service, Pages 30–31.

HONG KONG

SHARES OPENED strongly in Hong Kong after overnight buying of local shares quoted in London in the wake of Wednesday's cut in domestic interest rates. But a later round of selling by investors at home and abroad left the market to close mixed.

The Hang Seng index which had scored a 7.36 advance by mid-morning ended the session off 0.19 at 866.71.

Among properties, Cheung Kong fell 10 cents to HK$7.05 but Hongkong Land rose 3 cents to HK$2.85 and Swire Properties added 5 cents to HK$5.

SINGAPORE

SELECTIVE BUYING ahead of the long Deepavali weekend helped shares higher after several sessions of indecision in Singapore.

The Straits Times industrial index ended 2.98 ahead at 940.30 as bargain-hunters tired of waiting for prices to slip further.

Cerebos was again the most active stock, closing 10 cents higher at S$2.07. Pahang Consolidated was another active ending up 2 cents at S$1.46.

Among industrials and finances, 10 cent gains were recorded by Malayan Cement to S$8.70, Pan Malaysia Cement at S$7.25 and Oversea Chinese Bank at S$11. Fraser and Neave was steady at S$5.90.

AUSTRALIA

A LATE BOUT of bargain-hunting among leading resource issues was behind a rally in Sydney, although trading in other sectors remained dull.

Broken Hill Proprietary was the most actively traded stock for the third day with A$1.8m worth of shares traded in Sydney and a further A$2.3m worth in Melbourne. The price held steady at A$12.50.

Santos led oils with a rise of 30 cents to A$7.90 while Woodside Petroleum was marked down 5 cents to A$1.21.

Most gold issues were dull despite the metal's modest recovery on world markets.

SOUTH AFRICA

GOLD SHARES ended mixed to easier in Johannesburg in response to the easier bullion price which once again slipped below the $380 an ounce level.

The result of Wednesday's referendum endorsing the Government's proposals for a new constitution had no impact.

Among heavyweight gold producers, President Steyn shed R2 to R45 while platinums and diamonds eased in sympathy. Rustenburg shed 20 cents to R10.90 and De Beers 5 cents to R8.55.

Industrials were mostly unchanged.

CANADA

A RESUMPTION of progress by Toronto energy issues was offset by persistent weakness among golds, although base metals and minerals this time refused to be unsettled and moved generally firmer.

Golds managed a late rally, however.

Banks, which have been the mainstay of Montreal strength in recent days, turned lower, while industrials made the best of the gains and utilities were more muted.

TOKYO

Sales from abroad fail to dent hope

NET FOREIGN buying of Japanese stocks, a feature of the period from September 1982 to July 1983, provided a major boost to stock prices in Tokyo, driving the Nikkei-Dow Jones market average to record highs. With net foreign selling persisting since August, however, fears exist that what is recognised as the market's fourth big buying boom is coming to an end, *writes Shigeo Nishiwaki of Jiji Press.*

Still, officials at the international business departments of large brokerage houses are optimistic about the shift in foreign activity, viewing the recent development as a temporary phenomenon.

The first foreign buying boom since the Second World War occurred in 1960–63 when U.S. private investors took the leading role. The second boom came in 1966–69 when European institutional investors played a prominent role. The third developed in 1980–81 on the strength of massive oil money inflows.

The Tokyo markets were closed yesterday for a public holiday.

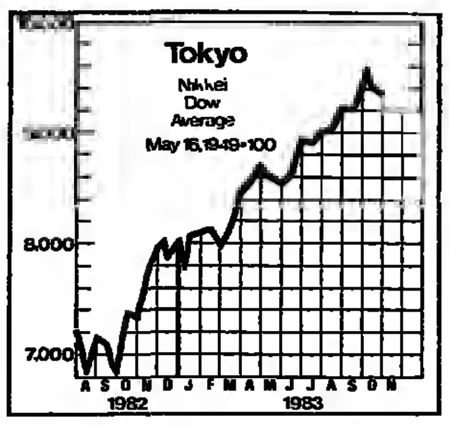
The latest resurgence in foreign buying, which began in the summer of 1982, has been buttressed by brisk purchases of biotechnology, electronics and certain other growth stocks by European and South-East Asian investors and American private pension fund managers. Foreign purchases of stocks listed on the first section of the Tokyo Stock Exchange exceeded sales for 11 straight months until July.

Foreign purchases during that period, valued at Y5,115.4bn ($21.7bn), surpassed sales, valued at Y4,161.4bn, by a record Y954bn.

Today, foreigners are large investors in the Tokyo stock market, with their share in trading volume ranging from 10 per cent to nearly 20 per cent. As a result of heavy buying since September 1982, their holdings of 52 quality issues have amounted to more than 20 per cent each of the respective outstanding shares. And prices of the stocks favoured by foreign investors have soared.

Net foreign purchases shifted to net sales in August, which from then till the end of October amounted to an estimated Y115.8bn.

But some of the profit-takers have since been back in the market, seeking medium-capital issues like Ricoh, Kirin Brewery and Nippon Sheet Glass. They have also bought big-capital issues such as Nippon Steel, Kobe Steel and Mitsubishi Heavy Industries in lots of 1m shares on expectation of a firmer yen.



EUROPE

Banking burdens for Frankfurt

A FIRM tone prevailed in many of the European bourses yesterday with the lead, as so often, being taken from Wall Street overnight.

Frankfurt proved the exception, closing lower with the market still unsettled by the aftermath of the Schröder, Münchmeyer, Hengst bank rescue.

An early attempt at a rally failed through a lack of follow-up orders and the Commerzbank index ended down 4 at 1,003.4.

The Wibau affiliate of IBH the construction equipment group in which SMH has a 7 per cent shareholding traded at DM 60, compared with an estimated DM 75 on Wednesday and DM 103 the previous session.

Banks were weighed down by the rescue although selling was limited. Commerzbank shed DM 1.10 to DM 168.80 and Dresdner DM 1.40 to DM 171.60 although Deutsche managed a 50 pfg rise to DM 311.50.

In steels, Thyssen was off DM 1 at DM 75.50 in continuing reaction to the failure of its merger plans with Krupp. A DM 2 decline took Krupp down to DM 70.

Insurer Allianz, faced with a battle with BAT Industries for the British insurance group, Eagle Star, ended DM 5 ahead at DM 815.

Domestic bonds held mostly steady after the Bundesbank sold DM 9.9m of paper, after buying DM 11.2m worth on Wednesday.

A technical, though forceful, rebound in prices was seen in Amsterdam. This followed Wednesday's downturn which was caused by the prospect of public sector strikes following the Government's refusal to rescind a planned pay cut in 1984.

Prices turned up for major Belgian issues in a day of moderate business in Brussels. Petrofina traded as high as BFr 5410 before settling back to BFr 5,380 at the close for a net advance of BFr 10.

Arbed added BFr 10 to BFr 1,136 following the latest financial restructuring moves its Saarstahl operations in West Germany.

Foreign purchases of blue chips underpinned a Zurich advance although there was some profit-taking in the recently sought chemicals sector. Insurances rose overall while banks ended firm. Financials turned mixed after their recent gains, as did engineerings.

The Swiss bond market finished higher in moderately active trading.

Banks continued to move ahead in Madrid and advances were also seen in food and investment issues.

But in Paris, shares ended mixed, with a rise in the call money rate for the second successive day – from 12¼ per cent to 12⅝ per cent – unsettling some investors.

Uncertainty over the Italian Government's handling of fiscal policy once again overshadowed Milan, where shares ended mixed. However, Olivetti rose L64 to L3,290 after the announcement on Wednesday that CIT-Alcatel of France is to take a 10 per cent stake.

In Stockholm, prices were mixed to lower in light trading.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
17⅞	7⅜	AAR	.44	3.2	18	38	14½	13⅞	13¾	-⅛
62⅞	29½	ACF	1.40	2.8	447	472	49⅝	49⅛	49⅛	+⅛
30	14¼	AMF	.50	2.7		1597	18⅝	18¼	18¼	-¼
38¾	16⅝	AMR Cp			15	4339	34⅛	33½	33⅝	+⅛
19	15	AMR	pf2.18	12.		54	19	18⅞	18⅞	
39¼	24⅞	AMR	pf2.13	5.6		172	37	36⅜	36½	-⅛
15⅜	2¼	APL			23	175	11⅛	11⅛	11⅛	-¼
55	31⅛	ARA	2.05	4.3	12	430	48¼	47¼	47⅛	-1¼
79⅞	49	ASA	3a	5.8		723	52¼	50⅝	51⅛	+¼
33¼	11⅛	AVX	s .32	1.4	34	367	22⅛	21¼	22⅛	+1¼
53⅞	34¼	AbtLab	1	2.0	19	3033	50¼	50	50	-1¼
30⅞	23¼	AccoW	n.50	2.0	16	23	25	24¼	24⅛	-¼
14⅛	7⅜	AcmeE	.32b	3.2	494	257	10⅛	9¾	9⅞	-½
24⅞	7¼	AdmDg	.04	.2	17	10	20⅝	20⅛	20⅛	
18	14⅞	AdaEx	1.73e	0.7		36	17¼	17⅛	17⅛	
19¾	7⅜	AdmMl	.24	1.7	7	z10	13¼	13½	13¼	+⅛
18⅝	6⅞	Advest	s .12	1.0	6	45	12⅛	12	12⅛	-⅛
34⅞	10⅞	AMD	s		28	1784	30¼	29⅛	29⅛	-⅞
24⅝	12⅞	Aerflx	s		15	27	15⅛	14⅞	15	
40⅞	32⅞	AetnLf	2.64	7.3	9	1094	36½	36⅛	36¼	-⅛
65	55¼	AetL	pf5.18e	9.2		22	56¼	55⅞	56¼	-1
40½	19½	Ahmns	.60	2.1	10	835	28½	28¼	28¼	-¼
7⅝	2⅞	Aileen				165	4⅛	3⅞	3⅞	
51	31	AirPrd	1	2.3	12	1635	42⅞	42⅛	42⅞	+⅛
27¼	13⅝	AirbFrt	.60	2.3	21	x117	26	25⅞	26	-¼
2⅞	1⅛	AlMoa	s		13	5305	2⅛	2	2	
33½	28¼	AlaP	pfA3.92	12.		24	31½	31¼	31½	+⅛
7⅝	6½	AlaP	dpf.87	12.		9	7⅛	7⅛	7⅛	
74½	60	AlaP	pf 9	13.		z180	70	70	70	+1
99	84	AlaP	pf 11	11.		z2850	98½	98	98½	+1½
71	58¼	AlaP	pf8.16	13.		z128	64	64	64	-1½
70	57	AlaP	pf8.28	13.		z180	64	64	64	+⅛
24½	15⅝	Alagsco	1.78	8.2	7	1	21⅞	21⅞	21⅞	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38⅝	20¼	Bamco	.60	1.0	11	51	37¼	37	37	
26⅞	10	Bkrlntl	.92	4.7		1440	20½	19¼	19¼	-¼
27⅞	19	Baldor	.32	1.2	23	78	26½	26¼	26½	
50⅞	2⅛	BaldwU	22j			2324	3¼	3½	3½	+⅛
151	7⅛	BldU	pf 52k			38	13½	13	13½	+½
36⅝	22⅞	BallCp	1.16	3.4	10	52	34	33¼	33⅞	-⅛
31⅞	19¼	BallyMf	.20	1.0	20	754	21¼	20⅞	20⅞	-¼
26⅞	8¼	BallyPk			18	17	15	14¼	14¼	
33½	27¼	BaltGE	3	9.0	7	2478	u34¼	33⅞	34	+½
43	39	Balt	pf4.28	11.		z150	40½	39	40½	+1¼
31⅞	28¼	BncOne	n.96	3.3	11	88	29½	29	29¼	+½
47½	19½	BanCal	1.20	2.7	8	114	45¼	45⅛	45⅛	-¼
7⅝	5½	BanTex	.20	3.5	41	643	6	5⅞	5¼	
59	34	Bandag	1	1.0	15	34	55½	55½	55½	+¼
23⅞	14⅝	BangP	.80	4.0		122	19⅞	19⅞	19⅞	+¼

A FINANCIAL TIMES SURVEY

CUMBRIA

DECEMBER 9, 1983

The Financial Times is proposing to publish a Survey on Cumbria in its issue of December 9, 1983. The provisional editorial synopsis is set out below.

INTRODUCTION: Cumbria is the second largest county in England and Wales. Though it is a mainly rural area, good communications provided by the M6 motorway, the main West Coast London to Edinburgh rail line and services from Carlisle Airport provide a solid foundation for industry. An unemployment rate lower than the national average masks the economic problems of West Cumbria which has suffered industrial shrinkage. The Survey will examine new initiatives designed to bolster the country's economy.

Editorial coverage will also include:

INDUSTRY PROPERTY ENTERPRISE ZONE TOURISM

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The size, contents and publication dates of all Surveys are subject to change at the discretion of the Editor

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

W-W-W

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23¾	18	WICOR	2 14	8 7	0	x9	22⅝	22⅛	22⅛	-⅛
47¼	29⅞	Wachov	1 56	3 4	10	120	45½	45⅜	45⅜	+⅛
34½	16	Wackhl	.44b	1.9	14	35	23¼	22¾	22¾	-½
11½	4⅝	Wainoc				223	9⅛	8¾	6⅞	+¾
46⅝	19½	WalMrt	s 14	.3	37	1320	41⅛	40¼	40⅞	-¾
39⅝	24¼	Walgrn	a 72	1.9	18	361	37¾	36⅝	37⅞	+¾
22	14⅝	WalHRs	g1 32			57	21⅛	21	21	-⅛
31	22	WICSv	a 40	1.3	16	36	30⅝	30	30¼	+¾
47⅞	28⅝	WaltJm	1.20	3 5	8	466	34½	34	34	+⅛

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 27

[illegible]

CANADA

(Closing Prices) Stock	Nov 3	Varn.
AMCA Int.	22⅝	-⅛
Abitibi	22	+⅛
Agnico Eagle	14¾	-⅛
Alberta Energy	19⅝	-⅛
Alcan Alumn	45	-⅛
Algoma Steel	27⅛	-2⅜
Asbestos	10¼	-¼
Bk Montreal	27⅛	-⅛
Bk Nova Scotia	41⅝	-⅜
Bell Canada	30½	+½
Bombardier A	18⅛	-
Bow Valley	24⅜	+⅜
B.P.Canada	-	-
Brascan A	34⅝	-
Brinco	3.8	-8.1
B. C. Forest	11⅜	+⅛
CIL Inc	20½	+¼
Cadillac Fairv.	9	+¼
Can Cement	-	-
Can NW Energy	24⅝	+⅜
Can Packers	25	-
Can Trustco	44⅛	-½
Can Imp Bank	31⅝	-
Canadian Pacific	48⅛	-⅛
Can. P. Ent.	22	+⅛
Can Tyre A	58½	-
Carling O'Kfe	21¼	+⅜
Chieftain	16⅞	-
Cominco	55⅞	+⅞
Cons Bathst A	22⅜	+⅛
Coseka Resources	3.7	-0.25
Costain	10	+⅛
Denison Mines	43⅛	+¼
Dofasco	54⅞	+½
Dome Mines	14½	+½
Dome Petroleum	4.6	-
Dominion Strs.	20	-
Domtar	28⅝	+½
Falconbridge	68½	+1½
Genstar	27⅜	+⅝
Giant Y'knife	19¾	-
Gt West Life	275	-
Gulf Canada	17⅛	+⅛
Hawk Sid Can	18⅜	+⅛
Hudson's Bay	23¾	-
Husky Oil	10⅛	+⅛
Imasco	31⅝	+⅜
Imp Oil A	35	+⅜
Inco	16⅝	+⅛
Indal	12	+⅝
Interpr Pipe	30½	+½
LAC Minerals	-	-
Macmil Bloedel	27¾	-⅛
Marks & Spencer	14	+⅜
Massey-Ferg	6½	-⅛
McIntyre Mines	34	-⅛
Mitel	19⅝	-⅛
Moore Corp	53	-½
Nat. Sea Prods A	8	-⅛
Noranda Mines	24	+⅛
Numac Oil	25¾	+⅛
Nova Alberta	6⅝	-¼
Nthn Telecom	50⅝	-⅞
Oakwood Pet	10	-
Pancanadian Pet	24⅝	+⅛
Patino	30⅛	-2⅜
Placer Devt	21	-⅛
Power Corp Can	18⅛	+⅛
Quebec Sturgeon	6⅛	-½
Ranger Oil	12⅝	-⅛
Reed Stenhse A	12	-⅞
Rio Algom	18⅛	-
Royal Bank	32½	-⅜
Royal Trustco A	27	-⅛
Sceptre Res	5½	-¼
Seagram	44½	-
Simpson Sears A	-	-
Shell Can Oil	24⅛	-
Stelco	28⅞	-⅛
Tech B	10¼	-
Texaco (Canada)	38	-
Thomson News A	30	+½
Toronto Dom Bank	17	-
Transalta A	20⅜	+¼
Trans. Can. Pipe	28	+¼
Walker Hiram	25⅞	-⅛
Westcoast Trans	15	-
Weston (Geo)	80⅞	+⅜

AUSTRIA

Nov. 9	Price Sch%	+ or —
Creditanstalt	211	+1
Goesser	321	......
Interunfall	410	......
Landerbank	219	......
Perlmooser	323	......
Steyr Daimler	146	—3
Voitscher Mag	200	—1

BELGIUM/LUXEMBOURG

Nov. 3	Price Frs.	+ or —
ARBED	1,136	+10
Banq Int A Lux	4,550	......
Bekaert B	2,900	......
Ciment BR	1,940	......
Cockerill	197	+14
Delhaize	4,340	—10
EBES	2,110	+90
Electrobel	6,050	+60
Fabrique Nat.	2,160	—10
GB Inno BM	3,870	......
GBL (Bruxl)	2,300	—10
Gevaert	2,465	—15
Hoboken	4,460	+40
Intercom	1,750	+30
Kredietbank	6,150	—60
Pan Hldgs.	9,900	......
Petrofina	3,380	+10
Royale Belge	9,900	......
Soc. Gen. Banq	2,686	......
Soc. Gen. Belge	1,585	—55
Sofina	4,575	+35
Solvay	5,260	+70
Tractionel	2,900	+80
UCB	5,970	+30
Vieille Mont	5,030	+70

DENMARK

Nov. 3	Price Knr %	+ or —
Aarhus Olie	479	+4
Andelsbanken	285	+2
Baltica Skand	525	+1
CopHandelsbank	257	+2
D. Sukkerfab	649xr	+11
Danske Bank	288	+2
East Asiatic	152	+9
Forende Brygg	1,359	+29
Forende Damp	181	—4
GNT Hldg	939	+11
I.S.S.B.	765	+15
Jyske Bank	595	+15
Novo Ind	5,060	......
Privatbanken	282	+2
Provinsbanken	533	+3
Smidth (Fl)	959	+3
Sophus Berend	995	+5
Superfos	470	+10

FRANCE

Nov. 9	Price Frs.	+ or —
Emprunt 4½% 1975	1,910	+5
Emprunt 7% 1973	5,205	—65
CNE 3%	3,040	+5
Air Liquide	494	+5
BIC	699	+15
Bouygues	704	+5
BSN Gervais	2,560	+10
CIT-Alcatel	1,415	+5
Carrefour	1,300	......
Club Mediter'n	660	+10
CFAO	522	—9
Cie Bancaire	346	—9.5
Cofimeg	176.1	+0.2
Creusot Loire	49.2	—0.7
Darty	659	+1
Dumez	870	+10
Eaux (Cie Gen)	439.2	+0.5
Elf-Aquitaine	155	—1
Gen. Occidental	620	—6
Imetal	64.2	—0.5
Lafarge Coppee	347	+6.5
L'oreal	2,022	+20
Legrand	1,922	+12
Maisons Phenix	365	—8
Matra	993	+10
Michelin B	757	+9
Midi (Cie)	1,140	—5
Moet-Hennessy	1,295	+15
Moulinex	94	—0.7
Nord Est	49.3	......
Pernod Ricard	929	+9
Perrier	410	—9
Petroles PB	149.5	+0.5
Peugeot-SA	188.9	—6
Poclain	69.9	—0.2
Printemps Au	120.1	—2.7
Radiotech	402	+2.2
Redoute	1,151	+2
Roussel-Uclaf	640	+10
Schneider	79.9	—0.1
Sefimeg	242	—7.5
Skis Rossignol	1,310	......
Telemech Elect	1,225	—10
Thompson (CSF)	175.1	+0.6
Valeo	300	+0.1

GERMANY

Nov. 3	Price Dm.	+ or —
AEG-Telef	80	+0.5
Allianz Vers	819	+9
BASF	181.8	......
Bayer	160.8	+0.1
Bayer-Hypo	280	+1
Bayer-Verein	514	—1
BHF-Bank	284.8	+0.8
BMW	419.2	—0.6
Brown Boveri	219	—0.6
Commerzbank	168.2	—1.1
Conti Gummi	125.1	+0.1
Daimler-Benz	672	+1
Degussa	353	—1
Demag	148	......
D'sche Babcock	178.5	+9.2
Deutsche Bank	511.5	+0.5
Dresdner Bank	171.6	—1.4
GHH	150	—2
Hochtief	450	—5
Hoechst	175.2	—0.3
Hoesch Werke	92.2	+0.1
Holzmann(P)	430	+9
Horten	173	+1.9
Kali und Salz	204.6	—0.8
Karstadt	278	—3
Kaufhof	263	+5
KHD	242	+1.5
Kloeckner	59	—0.5
Krupp	70	—2
Linde	375	—5
Lufthansa	195	—4
MAN	129	......
Mannesmann	132.5	—1
Mercedes Hld	601	+9
Metallgesell	208	+3
Muench Rueck	1085	—5
Preussag	266	......
Rhein West Elect	172.8	+1.1
Rosenthal	306	—2
Schering	380	+2
Siemens	382	+3.6
Thyssen	78.5	—1
Varta	174.5	+0.1
Veba	166	+2
V.E.W.	120	+0.5
Verein-West	308	......
Volkswagen	222.3	—0.2

ITALY

Nov. 3	Price Lire	+ or —
Banca Com'le	27,400	......
Bastogi-IRBS	175.2	—9.8
Centrale	1,350	—20
Credito Varesino	4,025	+24
Fiat	2,590	—697
Finsider	39.4	—4.2
Generalo (Assic)	134,900	+100
Invest	2,950	+50
Italcementi	45,700	—200
Montedison	191.9	+0.8
Olivetti	3,890	+64
Pirelli Co	9,612	......
Pirelli Spa	1,494	+4
Snia Viscosa	1,197	—8
Toro Assic	11,350	+400
do. Pref	8,500	+185

NETHERLANDS

Nov. 3	Price Fls.	+ or —
ACF Holding	159.5	......
Ahold	158	+2
AKZO	75	+1.2
ABN	344.9	+9.9
AMEV	130.5	+1.5
AMRO	57.2	+2.6
Bredero Cert	179.0	......
Boskalis Westm	43.5	+2.2
Buhrmann-Tet	49	......
Caland Hldgs	32.7	—0.1
Credit Lyon'is Bk	38.1	+0.1
Elsevier-NDU nv	422	+5
Ennia	153.8	+1.3
Euro Assets Tst	—	......
Gist.-Brocades	150.9	+9.5
Heineken	199	+9
Hoogovens	55	+0.5
Hunter Douglas	16.2	—1.2
Int-Muller	58.3	+0.3
KLM	164.5	+5.2
Naarden Intl	37.7	+0.3
Nat Ned Cert	172.1	+9.6
Ned. Credit Bank	91.9	+0.1
Ned Mid Bank	141	+7.8
Nedlloyd	96.3	+0.2
Oce Grinten	600	+0.5
Ommeren (Van)	51.9	+1
Pakhoed	55.5	+1.2
Philips	43.7	+0.7
Rijn-Schelde	4.6	—0.2
Robeco	519.5	+9
Rodamco	128.6	......
Rolinco	505	+3.3
Rorento	159.7	+0.2
Royal Dutch	130.5	+3.6
Unilever	232.5	+3.3
VMF Stork	83.8	+0.7
VNU	110.5	+1
West Utr Bank	101.5	+0.2

NORWAY

Nov. 3	Price Kroner	+ or —
Bergens Bank	151	......
Borregaard	157.5	—1.5
Christiania Bk	138	+0.5
Den Norsk Credit	146	+4
Elkem	105	—2.5
Norsk Data	240	+7.5
Norsk Hydro	517	+2
Storebrand	169	—4

SPAIN

Nov. 3	Price Pta%	+ or —
Bco Bilbao	369	+9
Bco Central	270	+4
Bco Exterior	230	+2
Bco Hispano	312	+9
Bco Santander	259	+5
Bco Vizcaya	328	+9
Dragados	147	+11
Hidrola	52.5	......
Iberduero	44.7	+0.5
Petroleos	107.8	—1.2
Telefonica	87	......

SWEDEN

Nov. 5	Price Kronor	+ or —
AGA	990	+5
Alfa-Laval	552	+2
ASEA (Free)	365	+5
Astra (Free)	970	+15
Atlas Copco	105	+2
Boliden	375	+3
Cardo	570	+10
Cellulosa (Free)	153xc	+1
Electrolux B	225	+1
Ericsson	410	+9
Esselte (Free)	295	......
Fagersta	400	......
Mo Och Domsjo	350	—35
Pharmacia(Free)	407	+52
Saab-Skania	275	+7
Sandvik B (Free)	320	+5
Skandia	341	+11
Skan Enskilda	300	+5
SKF B	165	......
St. Kopparberg	500	......
Sven Handelsbn	175	+3
Swedish Match	236	—2
Volvo B (Free)	420	+2

SWITZERLAND

Nov. 3	Price Frs.	+ or —
Alusuisse	747	+7
Bank Leu	4,125	—50
Brown Boveri	1,210	+46
Ciba-Geigy	2,250	+15
do. (Part Certs)	1,800	—30
Credit Suisse	2,145	+5
Elektrowatt	2,810	—15
Fischer (Geo.)	600	—8
Genevoise	3,650	+5
Hoff-RochePtCts	97,500	+1,000
Hoff-Roche 1/10	9,875	+175
Jacobs Suchard	6,350	—50
Jelmoli	1,800	+15
Landis & Gyr	1,425	......
Nestle	4,245	+45
Oer-Buehrle	1,270	+50
Pirelli	258	—2
Sandoz(Br)	7,300	+72
Sandoz (PtCts)	1,140	—50
Schindler (PtCts)	420	+10
Swissair	912	+2
Swiss Bank	308	—1
Swiss Reinsce	7,300	+80
Swiss Volksbk	1,410	—10
Union Bank	3,319	......
Winterthur	2,900	+70
Zurich Ins	17,500	+195

AUSTRALIA

Nov. 3	Price Aust. $	+ or —
ANZ Group	5.58	+0.06
Acrow Aust	1.25	......
Alliance Oil D	0.68	—0.02
Ampol Pet	1.87	......
Aust Cons Ind	1.68	......
Aust. Guarant	3.65	......
Aust. Nat. Inds	2.55	......
Aust. Paper	2.16	—0.05
Bond Hldgs	1.2	+0.05
Boral	3.12	......
B'ville Copper	2.32	+0.02
Brambles Inds	2.97	—0.01
Bridge Oil	2.9	—0.1
BHP	12.5	......
CRA	9.66	+0.16
CSR	3.61	+0.05
Carlton & Utd	2.75	......
Castlemaine	4.1	......
Coles (G.J.)	3.5	......
Comalco	2.98	+0.03
Consolidated Pet	0.48	......
Costain	1.4	+0.05
Dunlop	1.47	—0.01
E.Z. Ind	9.5	......
Elders IXL	3.95	......
Energy Res	1.65	+0.05
Gen Prop Trust	1.89	+0.02
Hardie (J.)	3.72	......
Hartogen Energy	2.3	......
Herald W'y Times	3.96	......
ICI Aust	2.07	—0.01
Jimb'lana (50cFP)	0.3	......
Kia Ora Gold	0.19	+0.02
Lend Lease	4.4xc	+0.05
MIM	3.56	+0.03
Mayne Nickless	3.6	—0.05
Meekatharra	1.35	......
Myer Emp	1.66	—0.02
Nat.Com.Bk	3.32	—0.01
News	8.6	—0.1
Nicholas Kiwi	2.85	......
North Bkn Hill	3.12	+0.02
Oakbridge	1.04	......
Otter Expl	0.6	......
Pancon	1.4	......
Pioneer Conc	1.77	—0.01
Reckitt & Coln	2.15	......
Repco	1.2	......
Santos	7.2	+0.5
Smith (H.)	3.5	—0.05
Southland Min'g	0.3	+0.02
Spargos Expl	0.39	......
Thos. Natwide	1.85	......
Tooth	3	+0.1
UMAL Cons	2.27	+0.02
Vamgas	5.3	—0.1
Western Mining	5.52	+0.04
Westpac	3.34	—0.03
Woodside Petrol	1.21	—0.05
Woolworths	2.5	+0.02
Wormald Intl	3.82	—0.05

HONG KONG

Nov. 3	Price H.K.$	+ or —
Bank East Asia	19.2	+0.2
Carrian Invest	0.87	......
Cheung Kong	7.05	—0.1
China Light	14.1	+0.1
Hang Lung Devel	1.35	......
Hang Seng Bank	37.75	......
HK Electric	5.65	—0.2
HK Kowloon Wh	3.8	+0.05
HK Land	2.85	+0.05
HK Shanghai Bk	7.15xd	......
HK Telephone	35.5	+0.5
Hutchison Wpa	12.8	+0.1
Jardine Math	11.8	+0.1
New World Dev	2.55	+0.05
Orient O'seas	2.25	......
O'seas Trust Bk	2.3	—0.02
SKH Props	4.72	+0.1
Swire Pac A	15	......
Wheel'k Mard A	3.02	—0.03
Wheel'k M'time	1.9	......
World Int. Hldgs	1.45	—0.01

JAPAN

Nov. 6	Price Yen	+ or —
Ajinomoto	1,010	+19
Alps Electric	2,350	......
Amada	828	—1
Asahi Chem	373	+5
Asahi Glass	662	+9
Bridgeston	575	+10
Canon	1,320	......
Casio Comp	1,400	......
Chugai Pharm	1,000	—10
Citizen	575	+5
Daiei	649	+1
Dai Hippon Ptg	865	—5
Daiwa House	521	—2
Ebara	330	......
Eisai	1,220	—10
Fanuc	8,200	—250
Fuji Bank	500	......
Fuji Film	2,020	......
Fujisawa	900	—12
Fujitsu	1,310	+10
Green Cross	1,770	—30
Hasegawa	470	+2
Heiwa Real Est	630	—6
Hitachi	872	+2
Hitachi Credit	1820	—20
Honda	1,040	+30
House Food	980	......
Hoya	1,210	+20
Itoh (C)	286	—2
Ito-Yokado	1,640	......
Iwatsu	1,560	+20
JACCS	335	......
JAL	2,310	+10
Jusco	809	—1
Kajima	525	—2
Kao Soap	599	+8
Kashiyama	640	—8
Kirin	448	—2
Kokuyo	880	+5
Komatsu	488	+4

JAPAN (continued)

Nov. 2	Price Yen	+ or —
Konishiroku	655	—5
Kubota	307	+1
Kumagia	452	......
Kyoto Ceramic	7,060	—40
Maeda Const	521	+1
Makino Milling	1,250	......
Makita	1,200	......
Marubeni	274	+6
Marudai	601	—5
Marui	1,100	—40
MEI	1,720	......
M'ta Elec Works	571	—4
M'bishi Bank	500	......
M'bishi Corp	538	+5
M'bishi Elec	421	—4
M'bishi Estate	475	—1
MHI	255	+2
Mitsui Co	351	—1
Mitsui Estate	739	+7
Mitsukoshi	366	+1
NGK Insulators	565	—4
Nihon Cement	201	......
Nippon Denso	1,590	......
Nippon Elect	1,280	—20
Nippon Express	276	+1
Nippon Gakki	626	—5
Nippon Kokan	147	—3
Nippon Oil	1,070	—10
Nippon Seiko	570	......
Nippon Shinpan	705	......
Nippon Steel	170	—1
Nippon Suisan	320	—5
NTV	8,300	—200
Nippon Yusen	959	+9
Nissan Motor	715	......
Nisshin Flour	396	—2
Nisshin Steel	146	—1
Nomura	690	+9
Olympus	961xa	—11
Omron Tateisi	1,720	......
Orient Leasing	2,350	+40
Pioneer	2,800	......
Renown	645	—6
Ricoh	1,000	—10
Sankyo	721	+12
Sanyo Elect	457	—3
Sapporo	360	—7
Sekisui Prefab	510	......
Seven-Eleven	5,400	—50
Sharp	1,300	—20
Shimadzu	520	+5
Sninogi	815	+10
Shiseido	1,060	+20
Sony	3,520	—10
Stanley	705	—14
S'tomo Elect	965	......
S'tomo Marine	229	......
S'tomo Metal	159	+3
Taihei Dengyo	579	+4
Taisei Corp	222	—1
Taisho Pharm	870	—9
Takeda	764	+5
TDK	4,790	—40
Teijin	386	+1
Teikoku Oil	808	—9
Tokio Marine	495	+9
TBS	697	—9
Tokyo Elect Pwr	1,040	—20
Tokyo Gas	134	......
Tokyo Sanyo	562	+12
Tokyo Style	820	+10
Tokyu Corp	295	......
Toppan Print	391	—6
Toray	408	—2
Toshiba	375	—1
TOTO	495	+9
Toyo Seikan	649	—1
Toyota Motor	1,900	+20
Victor	2,810	—60
Wacoal	678	—3
Yamaha	480	......
Yamanouchi	1,580	+20
Yamazaki	219	+12
Yasuda Fire	228	+1
Yokogawa	461	—5

SINGAPORE

Nov. 3	Price $	+ or —
Boustead Bhd	2.83	+0.01
Cold Storage	4.86	......
DBS	9.25	......
Fraser & Neave	6.9	......
Genting	4.72	......
Haw Par	2.15	......
Inchcape Bhd	2.75	—0.05
Keppel Shipyard	3.28	+0.04
Malay Banking	8.25	—0.1
Malay Brew	5.95	......
Multi Purpose	1.79	......
OCBC	11.0	+0.1
OUB	4.22	+0.02
Sime Darby	2.41	......
Straits St'mship	1.74	—0.01
Straits Trdg	9.45	......
UOB	5.45	......

SOUTH AFRICA

Nov. 3	Price Rand	+ or —
Abercom	2.60	......
AE & CI	8.5	—0.1
Anglo Am Coal	63	—1.5
Anglo Am Corp	17.8	—0.2
Anglo Am Gold	111	—3
Barclays Bank	14.5	......
Barlow Rand	12.1	+0.1
Buffels	50	......
CNA Gallo	2.80	......
Currie Finance	4	......
De Beers	8.56	—0.05
Driefontein	32.5	—1
FS Geduld	40.0	......
Gold Fields S.A.	22.00	......
Highveld Steel	4.65	......
Nedbank	13.75	—0.25
OK Bazaars	20	......
Protea Hldgs	9.3	+0.05
Rembrant	90.5	......
Rennies	11.4	—0.4
Rustenburg	10.2	—0.2
Sage Hldgs	8	+0.1
SA Brews	7.1	+0.1
Smith (C.G)	21.85	......
Tongaat Huletts	5.0	......
Unisec	5.50	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Nov 3	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1227.13	1237.3	1229.27	1225.2	1223.48	1242.87	1272.15 (7/10)	174.35 (11/8)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	583.71	584.88	579.32	577.17	576.61	588.44	593.29 (24/10)	434.24 (3/1)	593.29 (24/10/83)	12.23 (8/7/32)
Utilities	138.83	140.81	140.22	140.7	139.26	139.88	140.7 (31/10)	119.48 (3/1)	163.32 (20/4/69)	10.05 (28/4/42)
Trading vol 1000's †	8553	9558	8446	7946	8179	7957	-	-	-	-

	Oct 28	Oct 21	Oct 14	(Year Ago Approx)
Ind div yield %	4.56	4.46	4.41	5.58

STANDARD AND POORS

	Nov 3	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	183.94	185.3	183.98	183.54	183.8	185.53	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	163.45	164.84	163.64	163.55	163.37	164.84	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Oct 19	Oct 12	Oct 5	Year Ago (Approx)
Ind div yield %	3.83	3.86	3.98	4.60
Ind. P/E Ratio	14.45	14.73	14.51	10.28
Long Gov Bond Yield	11.38	11.57	11.21	10.52

N.Y.S.E ALL COMMON

Nov 3	Nov 2	Nov 1	Oct 31	1983 High	1983 Low
-	-	-	-	402.82 (9/5)	79.79 (4/1)

RISES AND FALLS

	Nov 3	Nov 2	Nov 1
Issues traded	1950	973	1952
Rises	550	58	787
Falls	897	551	879
Unchanged	489	372	386

MONTREAL

	Nov 3	Nov 2	Nov 1	Oct 31	1983 High	1983 Low
Industrials	422.86	422.03	415.58	415.12	493.08 (5/5)	325.12 (4/1)
Combined	406.86	408.41	400.51	389.28	441.29 (20/5)	319.4 (5/3)
TORONTO Composite	2404.5	2403.1	2374.7	2301.0	2598.2 (20/5)	1949.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Nov. 3	Nov. 2	Nov. 1	Oct. 31	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	687.7	685.1	688.1	687.4	730.7 (12/9)	487.8 (4/1)
Metals & Minls. (1/1/80)	610.2	604.1	599.9	611.3	614.2 (6/9)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	55.72	55.92	(c)	54.83	58.6 (5/5)	48.48 (12/6)
BELGIUM Belgian SE (31/12/63)	122.26	121.87	(c)	(c)	134.45 (1/8)	103.60 (4/1)
DENMARK Copenhagen SE (3/1/83)	186.17	184.74	184.27	166.10	204.22 (15/8)	100.00 (3/1)
FRANCE CAC General (31/12/82)	141.8	140.8	(c)	(c)	141.5 (17/10)	95.1 (3/1)
Ind Tendance (31/12/82)	148.5	145.6	(c)	(c)	150.7 (17/10)	98.8 (3/1)
GERMANY FAZ-Aktien (31/12/58)	337.75	333.49	340.47	341.11	345.06 (25/10)	241.83 (25/1)
Commerzbank (Dec 1953)	1005.4	1007.4	(c)	1012.2	1017.6 (25/10)	727.8 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	856.71	868.90	846.74	595.22	1102.64 (21/7)	658.08 (4/10)
ITALY Banca Comm Ital. (1972)	187.79	188.33	(c)	185.85	214.85 (21/1)	168.45 (18/1)
JAPAN** Nikkei-Dow (16/5/49)	(c)	9344.12	9359.31	9356.79	9563.25 (12/10)	7803.18 (25/1)
Tokyo SE New (4/1/68)	(c)	685.54	685.41	686.61	699.90 (7/10)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	138.1	134.5	136.5	136.2	144.8 (11/10)	108.1 (4/1)
ANP-CBS Indust (1970)	119.5	109.3	111.1	111.6	118.4 (10/10)	86.8 (4/1)
NORWAY Oslo SE (4/1/83)	286.46	285.56	285.22	291.54	217.88 (16/10)	99.81 (4/1)
SINGAPORE Straights Times (1966)	949.50	957.32	959.28	943.60	992.92 (25/8)	712.29 (3/1)
SOUTH AFRICA Gold (1958)	(u)	791.8	881.4	875.3	1098.5 (1/2)	861.4 (1/11)
Industrial (1958)	(u)	877.6	880.5	889.8	909.7 (25/8)	704.8 (5/1)
SPAIN Madrid SE (31/12/82)	127.99	127.09	(c)	(c)	127.99 (3/11)	98.32 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1427.76	1412.16	1409.98	1427.76	1625.98 (6.9)	986.18 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	356.5	354.1	348.2	346.5	356.5 (3/11)	284.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	178.8	177.8	177.8	185.8 (19/10)	154.5 (3/1)

(**) Saturday Oct. 29: Japan Nikkei-Dow 9301.56 TSE 682.36.

Base values of all Indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders advance for fourth successive day

Index at highest since late-August

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 17	Oct 27	Oct 28	Nov 7
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Institutional support was again evident for selected equities yesterday but buyers' interest generally centred on companies about to report trading statements or on situation and speculative issues. Leading industrial shares advanced for the fourth successive trading session, for a total of seven out of the last eight, in markets affected by stock shortages. The FT Industrial Ordinary share index consequently rose 6.9 more for a rise so far this week of 23.6 to 714.7, its highest level since August 30. Of the 30 index constituents, two-thirds were higher on the day and the rest were unchanged.

Insurances remained a key sector in the wake of the UK's largest-ever takeover, **BAT Industries'** £796m bid for **Eagle Star**. Hopes that original bidder, **Allianz Versicherung**, would return with a counter offer kept Eagle Star well above the 575p offered by BAT. Other Composites fluctuated awaiting any announcement, not expected until next week, from Allianz and of its intentions regarding the near-30 per cent stake in Eagle Star.

The Financial scene was additionally enlivened by early announcement of the proposed **Charterhouse/Rothschild** and **Northern Investment Trust** merger, which directed attention to Merchant bank issues.

A favourable economic review from broking house Phillips and Drew with its corroborative findings on the Government's inflation projections reinforced equity market sentiment.

Afternoon reports that an Iraqi missile had hit a Greek ship heading for the Iranian port of Bandar Khomeini caused a lively 15-minute spell of trading in Oils. Fears that Middle East oil supplies could be disrupted as a result of the incident prompted a quick rise in leading stocks, but closing levels were below the best. **BP** settled 6 higher at 424p, after 428p.

Concern about the U.S. Senate's prolonged delay in approving an extension of the Treasury debt ceiling inhibited trade in the Gilt-edged market. A firm undertone, however, was aided by predictions of lower U.S. Prime rates before the year-end. *Shorter* maturities claimed most attention and closed with gains ranging to ¼. Improvements in the longs were usually confined to ⅛.

Eagle Star fluctuate

Eagle Star moved narrowly between the overnight level and 597p before settling 5 higher on the day at 590p. Other Composites traded on a quieter note, but often consolidated the previous day's sharp gains. Life issues, overlooked in Wednesday's advance, attracted revived support and **Pearl** rose 9 to 684p and **Refuge "A"** 8 to 388p. **London and Manchester** firmed 6 to 418p and **Britannic** 4 to 416p. Lloyd's brokers contrasted on thoughts that any further bids or mergers in the Composite sector could lead to a loss of business. **Sedgwick**, also dogged by rumours that the company might be on the acquisition trail, shed 8 to 211p. **Hogg Robinson** remained a volatile market and reacted to 122p before settling only a net penny cheaper at 126p.

The Charterhouse/RIT and Northern merger enlivened interest in Merchant Banks, **Hill Samuel** rising 15 to 267p and **Brown Shipley** 10 to 305p. **Kleinwort Benson** and **Hambros** both gained 7, to 317p and 127p respectively. Discount Houses drew support ahead of the interim dividend season. **Cater Allen**, half-timer due next Tuesday, put on 13 to 383p, while **Union Discount** rose 18 to 558p. **Alexanders** firmed 7 to 257p, while **Gerrard** gained 17 to a 1983 peak of 235p.

Computer consultants **Logica** staged a successful market debut; offered for sale by tender at 140p with a striking price of 220p, the shares opened at 232p and touched 235p before closing at 228p. The newcomer to the Unlisted Securities Market, design consultants **Michael Peters**, was *also well received*: the shares closing at 103p, after 107p, which compares with the placing price of 85p.

Selective buying prompted fresh rises in the Building sector. **Redland** rose 7 to 254p, **RMC** 5 to 378p and **BPB Industries** gained 8 to 250p. **Barratt Developments** met with renewed support and firmed 6 to 196p, while **George Wimpey** improved 4 to 137p. **London Brick** put on 1½ to 104p; the company plans to double its fletton brick output. Elsewhere, **J. Smart** hardened a penny to 57p, the maintained dividend compensating for the lower preliminary profits.

ICI encountered a reasonable trade and, helped by modest U.S. demand late, closed 8 dearer at 586p. **Laporte** drew fresh support and rose 7 more to 305p, but **Amersham International** eased a couple of pence to 235p on apprehension about the interim results, due shortly. Second-line Chemicals to go higher included **Hickson International**, 10 up at 320p, and recently-dull **Rentokil**, which rallied 7 to 115p.

Stores quietly firm

A generally favourable Press response to the first-half results prompted early strength in **Marks and Spencer**, which rose to 212p before settling with a net gain of 3 at 209p. Other major Retailers finished a shade firmer for choice, although business levels remained disappointing. **Woolworth** took on a firmer stance with a rise of 5 to 272p, while Newsagents went better under the lead of **W. H. Smith "A,"** 4 dearer at 130p. Further consideration of the respective preliminary results lifted **J. Hepworth** 5 to 194p, after 196p, and **Peters** 2 to 92p. **Milletts Leisure Shops** held at 147p, the first-half deficit being outweighed by the company's encouraging view of prospects. **Mellins**, a volatile market earlier in the week, were unchanged at 72p awaiting today's rescheduled half-timer. Glasgow-based warehouse concern **Bremner** advanced 9 to 49p on reports of a large line of stock changing hands.

Leading Electricals made a bright start but interest soon waned. Still benefiting from the Merrill Lynch recommendation, **GEC** improved afresh to 206p before drifting back on lack of sustained support to close 3 better on balance at 204p. Elsewhere, **CASE** rose 25 to 410p after the half-year results and encouraging statement. **Memec** were also outstanding at 260p, up 15.

Conditions in the Engineering sector remained relatively quiet, although the leaders were inclined harder. Occasional bright spots elsewhere included **Simon**, up 16 at 353p in a limited market, and **J. and H. B. Jackson**, which attracted buyers and put on 4 to 62p. **Powell Duffryn**, 238p, up 2, and **Babcock International**, 144p, up 4, traded on a steadier note following further consideration of the Schroder Munchmeyer Hengst situation. **Butterfield Harvey**, in contrast, eased 2½ to 29p on the announcement that bid talks with Anglo Nordic had been abandoned.

Most leading Foods held close to the overnight levels, but **J. Sainsbury** rose 7 to 425p ahead of next Wednesday's interim statement. **Associated British Foods**, half-timer due on Monday, gained 4 to 150p.

Queens Moat Houses hardened ½ to 33½p following the group's second acquisition of the week. **Norfolk Capital** added 2 to 37p after Press mention.

Cookson up

Leading Miscellaneous issues were often only a penny or two higher, but **Bowater** stood out with a late improvement of 6 to 214p and gains of around 8 were achieved by **Beecham**, 315p, and **Reckitt and Colman**, 412p. **Cookson** featured elsewhere with a rise of 10 to 198p following a Press article drawing attention to the company's new ceramic *alloy, Syalon*. **Schiloh**, in contrast, weakened afresh to 93p, down 15, after 90p, on the sharp setback in interim profits. Further consideration of the preliminary results left **Wolseley-Hughes** 8 dearer at 532p. The recent revival in **Applied Computer**, up 25p at 375p, continued, while **Highgate Optical** also took a turn for the better with a rise of 5 to 103p. **Prestige Group** encountered further support and put on 6 more to 223p; the U.S. parent company recently indicated that it may sell its household divisions. **Hunting Associated** gained 10 to 195p after satisfactory half-year results, but **Henry Boot** fell 18 to 290p following the interim figures and indication that the full-year result is not expected to be significantly above 1982. Reflecting rumours of a possible bid, or the sale of its Xerox interests, **Rank Organisation** opened higher at 191p but eased back to close 4 dearer on balance at 188p. **Gestetner** encountered demand and put on 5 at 49p, while **Lilleshall** were also noteworthy for a gain of 7 to 45p. **Turner and Newall** were a like amount up at 67p.

The Leisure sector displayed several bright features. **Juliana's**, which recently acquired the exclusive London nightclub Raffles, jumped 20 to 360p. Casino concern **Pleasurama** gained 22 to 342p and **Trident TV A** put on 3½ to 113p on hopes that the former will receive the green light from the Monopolies Commission to launch another bid for the company. **Horizon** continued to lead the rally among travel issues and put on 14 for a two-day gain of 20. **Saga** firmed 6 to 100p and **Owners Abroad** 1½ to 27p. **Pineapple Dance Studios** provided the sector's only dull feature, falling 8 to 115p following the annual results and confirmation of a rights issue.

Buyers remained keen on **British Car Auction**, which advanced 11 to 219p, a gain of 19 since Tuesday's announcement of excellent annual figures and a proposed one-for-one scrip issue. **Henlys** responded to revived speculative demand and closed 7 higher at 83p. Elsewhere in Motors, **Airflow Streamlines** eased the turn to 25p after the mid-term statement.

Interest among Publishers centred on provincial newspapers. **Portsmouth and Sunderland** eased a few pence to 150p in reaction to the near-16 per cent contraction in first-half profits. **United**, on the other hand, attracted late support and improved 8 at 243p.

Properties, particularly good over the past fortnight on asset value and yield considerations, took a breather. The underlying tone, however, remained firm, despite the contraction in business, and leading quotations often hardened a penny or two. Elsewhere, fresh buying ahead of next Tuesday's preliminary results, due next Tuesday, lifted **C. H. Beazer** 4 to 282p. **Allied London Properties** firmed 3 more to a 1983 peak of 132p following comment on the preliminary figures.

The surprise announcement of the proposed merger lifted **Charterhouse** 13 to 107p, and **RIT and Northern** 33 to a 1983 peak of 236p; the latter's Warrants closed 15 higher at 89p.

Financials traded irregularly. **Mercantile House**, 352p, and **Mills and Allen**, 315p, both closed with modest gains, but **Exco International** gave up 10 at 523p. The current trend of Irish oils induced a loss of 7 to 110p in **Silvermines**, while **Oceana Consolidated** eased a few pence to 53p awaiting today's preliminary results.

The reported events in the Middle East triggered an afternoon flurry in leading oils. **Shell** moved ahead smartly to 562p before settling 12 higher at 558p and **BP** closed 6 up at 424p, after 428p. Among Irish Sea explorers, **Atlantic Resources** opened lower at 580p, but rallied to 650p before closing 15 down on the day at 635p, while **Aran**, closed unaltered at 54p, after 44p. Elsewhere, profit-taking prompted a fall of 10 to 90p in **Cluff**.

Among Overseas Traders, **Thomas Borthwick** attracted demand and advanced 3 at 27p; the annual results are expected early next month. **Mitchell Cotts**, buoyant on Wednesday on revived takeover hopes, failed to attract follow-through interest and eased a penny to 49p.

Late fall in Golds

South African Golds started the day steadily, in line with the bullion price, but drifted off gradually later in the day as gold weakened.

The dull opening on Wall Street brought in a wave of selling, and with few signs of investor demand, most of the leading issues finished with falls of a point or more.

President Steyn fared worst among the heavyweights, and were finally 2½ off at £25, while **Randfontein Estates** gave up 1¼ to £71, **St Helena** 1½ to £20, and **President Brand** closed 2 lower at £24.

Declines of between a half and a point were common to **Winkelhaak** at £20¼, **Buffels** at £27½, **Driefontein** at £17¼, **Vaal Reefs** at £60¾ and **Western Deep Levels** at £28¼.

Medium and lower priced issues were not so badly affected by the selling pressure, and even showed one or two rises, as in **Simmer and Jack**, finally 20 to the good at 280p.

Bullion was $4.50 lower at $377½, and the Gold Mines index fell 11.7 to 466.2.

South African Financials recorded small mixed movements.

Diamonds were also irregular. "**Anamint**," rose a point to £64, but **De Beers** lost 3 to 488p. Platinums were dull, with **Rustenburg** and **Lydenburg** losing 10 each to 630p and 480p respectively. **Impala** finished 5 lower at 755p.

Elsewhere, **Homestake Mining** of the U.S. gained ½ to £18, while the Anglo American group's international arm **Minorco** put on 35 to 816p and antimony and gold producing **Consolidated Murchison** rose 10 to 410p.

London Financials were quietly steady all day, but lost ground in the after-hours trade, with **Consolidated Gold Fields** finishing 8 lower at 470p. **Rio Tinto-Zinc** lost a similar amount to 570p and **Charter** dipped 2 to 228p on lack of interest, while **Hampton Areas** gave up 5 to 180p on further consideration of its venture into low-grade gold mining in the U.S.

Australians were again neglected, although bargain-hunting added 8 apiece to **CRA** at 348p and **Peko-Wallsend** at 364p. **Gold Mines of Kalgoorlie** declined in line with bullion and lost 10 to 540p.

Events in the Middle East directed substantial Traded Option money to Oil stocks. **British Petroleum** attracted 272 calls and 517 puts, with 384 of the latter struck in the January 420's. **Shell Transport** also attracted a lively two-way trade with 149 calls and 127 puts transacted. Elsewhere, **ICI** returned to favour with 322 calls, 150 and 100 respectively done in the July 550 and 600 series, and 163 puts. Total contracts amounted to 2,832.

FINANCIAL TIMES STOCK INDICES

	Nov. 3	Nov. 2	Nov. 1	Oct. 31	Oct. 28	Oct. 27	year ago
Government Secs.	82.34	82.22	82.34	82.07	81.70	81.75	85.27
Fixed Interest	85.17	85.15	85.16	84.86	85.16	84.90	86.51
Industrial Ord.	714.7	707.8	706.2	703.1	691.1	694.0	629.5
Gold Mines	466.2	477.2	444.6	461.3	475.6	472.3	399.5
Ord. Div. Yield	4.76	4.82	4.84	4.84	4.90	4.89	4.90
Earnings, Yld.% (full)	8.47	9.65	8.59	8.69	8.72	9.69	10.60
P/E Ratio (net) (*)	13.18	13.07	13.01	13.01	12.84	12.86	11.43
Total bargains	20,160	21,002	21,087	21,014	12,847	12,133	25,656
Equity turnover £m.	—	221.41	202.67	202.69	207.19	167.26	265.60
Equity bargains	—	16,816	16,157	16,110	17,156	14,760	21,916
Shares traded (ml)	—	132.8	133.6	127.6	142.0	118.0	168.8

10 am 712.2. 11 am 712.5. Noon 711.8. 1 pm 712.2. 2 pm 712.2. 3 pm 713.7

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.40.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (13/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.17 (3/11)	79.03 (1/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	628.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (13/2)	444.6 (1/11)	764.7 (15/2/83)	43.6 (26/10/71)

S.E. ACTIVITY

	Nov. 2	Nov. 1
—Daily		
Gilt Edged Bargains	177.8	200.0
Equities Bargains	109.0	117.6
Equities Value	447.5	408.4
5-day Avrge		
Gilt-Edged Bargains	154.2	147.6
Equities Bargains	107.5	103.6
Equities Value	405.0	383.2

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur Nov 3 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Nov 2 Index No.	Tues Nov 1 Index No.	Mon Oct 31 Index No.	Fri Oct 28 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	[illegible]	+1.1	9.24	3.93	13.95	444.12	439.25	437.28	430.66	455.28
2	Building Materials (24)	[illegible]	+1.4	10.75	4.74	11.71	438.10	427.66	427.59	424.35	407.52
3	Contracting, Construction (29)	[illegible]	+1.4	13.58	5.38	9.21	677.48	677.53	678.32	662.04	738.04
4	Electricals (38)	[illegible]	+1.3	7.88	2.25	16.48	1649.24	1614.15	1603.35	1569.66	1869.22
5	Engineering Contractors (10)	[illegible]	+1.3	14.23	6.75	8.91	405.70	408.99	409.65	409.82	402.24
6	Mechanical Engineering (59)	[illegible]	+0.6	12.85	6.00	9.63	186.88	187.60	185.49	184.64	200.60
8	Metals and Metal Forming (9)	[illegible]	+0.6	12.15	7.95	9.96	154.42	154.60	152.59	152.28	148.39
9	Motors (18)	[illegible]	+0.7	1.53	4.87	—	109.17	108.79	107.51	106.58	81.29
10	Other Industrial Materials (16)	[illegible]	+0.7	5.80	4.37	22.91	532.64	526.87	528.64	520.66	376.17
21	CONSUMER GROUP (198)	[illegible]	+0.9	10.16	4.48	12.01	433.95	435.86	435.53	429.15	401.26
22	Brewers and Distillers (23)	444.48	+0.3	12.60	5.14	9.91	443.15	440.66	441.57	438.93	430.52
25	Food Manufacturing (22)	345.01	+0.6	13.57	5.84	8.73	342.88	343.11	342.45	339.33	336.58
26	Food Retailing (13)	993.47	+0.9	7.35	2.58	17.50	984.34	991.71	986.68	974.21	829.89
27	Health and Household Products (9)	722.71	+1.3	6.23	2.96	20.81	713.42	709.87	711.91	706.93	673.27
29	Leisure (23)	564.97	+0.3	8.97	4.81	14.46	560.57	561.45	559.91	552.59	460.97
32	Newspapers, Publishing (15)	927.82	+0.6	9.37	5.13	12.82	921.93	927.52	926.36	932.82	553.14
33	Packaging and Paper (14)	195.05	+1.1	11.11	5.09	10.95	192.92	193.23	191.89	187.74	141.65
34	Stores (47)	405.72	+0.8	6.61	3.80	20.52	402.36	406.79	407.83	400.12	376.88
35	Textiles (20)	287.94	+0.9	12.62	5.60	9.40	286.12	287.85	284.63	283.41	174.82
36	Tobaccos (3)	458.04	+2.2	21.72	6.95	5.15	448.03	453.33	459.46	451.78	466.97
39	Other Consumer (9)	444.25	+0.6	5.73	4.69	—	441.72	438.46	436.07	430.38	335.67
41	OTHER GROUPS (84)	387.38	+1.3	8.33	4.46	15.10	382.40	380.26	379.58	373.95	280.95
42	Chemicals (15)	561.04	+1.6	8.05	4.52	16.27	552.74	553.28	559.06	550.98	373.45
44	Office Equipment (6)	118.09	+2.3	8.78	4.63	14.34	115.40	115.73	112.36	98.47	110.38
45	Shipping and Transport (14)	745.43	+0.5	7.68	5.44	17.78	741.43	730.76	731.95	725.15	538.01
46	Miscellaneous (49)	498.57	+1.0	8.71	4.16	13.77	493.43	488.47	484.36	477.38	388.58
49	INDUSTRIAL GROUP (485)	438.36	+1.0	9.57	4.38	13.02	433.83	432.08	431.96	425.58	402.69
51	Oils (15)	955.77	+1.7	11.78	6.25	10.31	939.91	930.30	938.08	919.62	774.09
59	500 SHARE INDEX	481.73	+1.2	9.95	4.63	12.46	475.24	475.26	474.98	466.98	433.25
61	FINANCIAL GROUP (124)	332.76	+0.7	—	5.77	—	330.28	326.53	325.49	320.93	264.37
62	Banks (6)	327.74	+1.4	26.20	7.78	4.17	323.26	325.43	325.51	319.46	277.28
63	Discount Houses (8)	320.28	+4.5	—	8.47	—	306.41	301.90	299.47	304.06	328.67
65	Insurance (Life) (9)	455.99	+0.7	—	4.94	—	452.38	447.18	446.60	440.18	342.18
66	Insurance (Composite) (10)	235.63	+0.1	—	6.52	—	235.40	225.65	223.22	221.06	176.74
67	Insurance Brokers (7)	558.11	−2.1	12.16	5.20	11.27	570.11	570.37	567.82	564.27	515.53
68	Merchant Banks (12)	199.52	+4.7	—	4.66	—	190.50	188.44	185.26	184.12	157.36
69	Property (54)	496.52	+0.6	5.05	3.81	22.81	493.43	491.54	492.95	483.71	408.99
70	Other Financial (18)	231.08	+0.1	12.06	5.83	9.99	230.78	229.30	228.40	225.96	181.90
71	Investment Trusts (108)	438.36	+0.7	—	4.08	—	435.10	433.04	433.42	430.79	344.38
81	Mining Finance (4)	268.95	−1.5	10.31	5.43	11.87	272.91	266.87	269.56	267.31	221.92
91	Overseas Traders (14)	472.14	+0.6	8.12	8.07	18.36	469.45	471.81	461.74	465.82	376.89
99	ALL-SHARE INDEX (750)	444.42	+1.0	—	4.84	—	440.02	438.24	437.38	431.09	358.16

FIXED INTEREST

	PRICE INDICES	Thur Nov 3	Day's change %	Wed Nov 2	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.42	+0.14	117.26	—	9.87
2	5-15 years	131.66	+0.07	131.56	—	11.74
3	Over 15 years	141.14	+0.12	140.97	—	12.19
4	Irredeemables	149.64	—	149.64	—	13.34
5	All Stocks	129.88	+0.10	129.75	—	11.27
6	Debentures and Loans	106.13	+0.02	106.11	—	9.11
7	Preference	78.89	+0.06	78.84	—	6.02

	AVERAGE GROSS REDEMPTION YIELDS		Thur Nov 3	Wed Nov 2	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.76	9.78	8.82
2		15 years	9.92	9.91	9.39
3		25 years	9.81	9.81	9.55
4	Medium Coupons	5 years	10.95	10.98	10.85
5		15 years	10.71	10.72	10.45
6		25 years	10.20	10.22	10.13
7	High Coupons	5 years	11.05	11.08	10.08
8		15 years	10.91	10.92	10.65
9		25 years	10.30	10.31	10.22
10	Irredeemables†		9.74	9.74	9.30
11	Debs & Loans	5 years	11.82	11.82	11.32
12		15 years	11.80	11.80	11.45
13		25 years	11.79	11.79	11.54
14	Preference†		12.44	12.45	12.29

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	20	10	—	—	—	—	$377.50
GOLD C	$400	8	1.70	24	13	34	20 B	,,
GOLD C	$425	—	—	—	—	2	12	,,
GOLD C	$450	60	0.10	—	—	13	7	,,
GOLD C	$500	50	0.10	—	—	—	—	,,
GOLD P	$375	—	—	45	11.90	10	13	,,
GOLD P	$400	52	22 B	—	—	—	—	,,
GOLD P	$425	3	46 B	—	—	2	46 B	,,
GOLD P	$460	20	71	—	—	—	—	,,
		Dec.		March		June		
SILV C	$8	—	—	26	1.55	—	—	$8.59
SILV C	$9	10	0.60	1	0.75	6	1.05	,,
SILV C	$10	100	0.10 A	—	—	24	0.55	,,
SILV C	$11	—	—	14	0.15	200	0.40	,,
SILV C	$12	—	—	82	0.12	46	0.85 A	,,
SILV P	$9	—	—	10	1.20 B	3	1.20	,,
SILV P	$11	—	—	—	—	10	8.60 B	,,
SILV P	$12	—	—	10	6.60 B	—	—	,,
		Jan.		Apr.		July		
ABN C	F.340	66	12.50	4	28	—	—	F.344.50
ABN C	F.360	83	11.20	15	16	—	—	,,
ABN C	F.420	43	1	—	—	—	—	,,
ABN P	F.340	113	7	5	11	12	18	,,
AKZO C	F.65	90	11.80	—	—	—	—	F.75
AKZO C	F.70	214	6.20	12	10.70	—	—	,,
AKZO C	F.80	252	4	47	6	—	—	,,
AKZO C	F.90	133	1.10	30	2.80	—	—	,,
AKZO P	F.70	86	1.90 A	20	3.10	1	4.90	,,
AKZO P	F.80	49	7	25	7.80	—	—	,,
AMRO C	F.60	181	3 B	16	3.90	7	4.90	F.57.90
HEIN C	F.120	87	8.90	—	—	—	—	F.122
HEIN C	F.140	70	1.90	10	5 B	—	—	,,
HEIN P	F.120	168	3.20	24	5	3	6.50	,,
HOOG C	F.35	74	1.60	10	3	—	—	F.33
HOOG C	F.40	66	0.90	65	1.60	—	—	,,
HOOG P	F.30	105	1	28	1.80 A	6	2.60	,,
KLM C	F.160	252	12.50	20	18	40	22	F.164.50
KLM C	F.170	265	[illegible]	3	13	—	—	,,
KLM C	F.180	448	5	—	—	—	—	,,
KLM P	F.160	227	2.50	4	4.50	—	—	,,
KLM P	F.160	230	5.50	—	—	—	—	,,
KLM P	F.170	64	10.80	—	—	—	—	,,
NATN C	F.190	100	1.80	20	3.50	—	—	F.172.10
PHIL C	F.40	839	5.80	42	7.40	—	—	F.43.70
PHIL C	F.45	1212	2.80	100	4.80	187	6.60	,,
PHIL C	F.50	1121	1.70	164	3 B	126	3.40	,,
PHIL C	F.55	828	0.80	98	1.80	—	—	,,
PHIL P	F.40	1330	1.50	140	2	—	—	,,
PHIL P	F.45	692	3.60 A	87	4.60	11	6.50	,,
PHIL P	F.60	136	7	145	7.50 A	57	8	,,
RD C	F.120	57	14.30	3	16.50 B	—	—	F.130.60
RD C	F.130	218	7.50	44	11.30	1	13	,,
RD C	F.140	309	3.80	56	6.80	15	8	,,
RD C	F.150	137	1.30	33	3.30 B	—	—	,,
RD P	F.120	44	1.10	4	2.40	—	—	,,
RD P	F.130	240	4.20	15	5.60	1	8 A	,,
RD P	F.140	45	9.70	—	—	—	—	,,
UNIL C	F.240	25	4.70	—	—	—	—	F.232.30
UNIL P	F.220	82	2.50	2	5.50	—	—	,,
ENE P	F.145	1	6.50	—	—	—	—	F.141.29

TOTAL VOLUME IN CONTRACTS: 15,461

A = Ask B = Bid C = Call P = Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§10	F.P.	7/10	24	20½	✠A. & M. Hire 10p	21½	......	b0.1	11.1	0.6	13.5
¶120	F.P.	22/11	118	103	✠Acorn Computer 1p	112	+5	—	—	—	26.6
¶230	F.P.	2/11	300	237	Atlantic C'mo'ters 10p	300	+3	b2.25	6.2	1.1	15.8
¶435	200	10/2	220	186	Brit. Petroleum	198	+4	20.25	1.9	6.7	12.1
200	F.P.	—	215	175	††Bryson Oil & Gas 20p	200	+5	—	—	—	—
¶106	F.P.	28/10	108	107	Coin Inds. 10p	107	......	3.3	2.4	4.4	13.6
§60	F.P.	28/10	95	75	✠DJ Security Al'mo 10p	90	......	t2.1	b3.0	3.3	11.2
§75	F.P.	16/12	84	78	✠Edinb'gh Fd. Man 5p	84	+2	bg1.8	2.8	6.1	16.4
97	F.P.	30/11	107	87	Europ'n Assets DFl. 1	105	......	r‡Q10%	1.0	2.1	—
‖	F.P.	—	305	300	FAI Insurance 50 cts.	300	......	Q34%	4.0	6.4	7.3
140	F.P.	4/11	170	138	✠Flextech 10p	145	......	—	—	—	21.8
¶IR77	F.P.	25/11	66	62	✠Flogas 10p	64	......	uQ3.8%	3.8	6.6	10.4
§60	F.P.	12/10	74	65	✠Freshbake Foods 5p	73	......	bg1.7	2.7	3.3	15.8
§91	F.P.	25/11	91	85	✠Imtec Group 10p	85	−2	u2.1	2.5	3.5	12.2
§45	F.P.	25/11	46	44	✠Laidlaw Group 10p	46	......	b2.5	8.6	7.2	6.4
¶220	F.P.	—	235	226	*Logica* 10p	228	......	u1.0	5.9	0.6	29.5
—	F.P.	11/11	33	21	Lon. Midland Indl'fd.	33	......	—	—	—	—
§63	F.P.	31/10	72	68	✠Mainmet Hldgs 10p	72		—	—	—	76.6
¶285	F.P.	25/11	310	293	Oxford Instruments 5p	303	+3	b1.0	8.6	0.5	31.2
§150	F.P.	4/11	161	156	✠PCT Group 10p	156	......	b4.8	2.1	4.4	14.7
§85	F.P.	—	107	103	✠Peters (Michael)	103	......	u1.79	1.7	2.5	33.3
185	F.P.	11/11	234	214	Telemetrix 5p	218	......	b1.4	5.5	0.9	28.4
100	F.P.	25/11	100	87	Tottenham Hotspur	92	......	b4.0	1.9	5.8	10.8
§IR84	F.P.	8/12	183	178	✠Woodchester Inv. IR20p	178	......	Q18.3%	4.1	1.7	15.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
99.296	£25	22/11	28	22	Allied-Lyons 11¼% Deb 2009	27½	+½
89.736	£25	16/2	27	25¼	Australia 11¾ pc. Ln. 2015	27	......
100	£10	2/1	12	11½	Bristol Waterworks 6.5% Red. Prf. 1988	12	......
97.268	£25	23/1	27¼	25	Ireland 12¾% 2002	27¼	+⅛
¶100p	25p	2/12	33¼p	25p	LASMO 2⅝% Cum Red Prof	32¼p	......
‖	Nil	10/11	¾pm	½pm	Lon. Shop Prop. 8pc Cnv. 94/99 Ser II.	¾pm	......
—	F.P.	—	100⅛	99⅞	Nationwide 10⅞% Bds. 8/10/84	100⅛	+⅛
—	F.P.	—	100	100	,, 10⅛% Bds. 5/11/84	100	......
¶100	£10	3/2	12	12	Sund'ld + S.Shields Wtr 6½pc RPf. 1989	12	......
¶100	F.P.	17/11	102	101¼	York Waterworks 6.75pc Red. Prf. 1988	101¼	......

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1983 High	1983 Low	Stock	Closing price	+ or −
7	Nil	—	15/12	1¼pm	¼pm	Amal. Estates 5p	¾pm	−¼
IR35	F.P.	—	—	61	42	Aran Energy 20p	52	−2
68	Nil	—	19/12	8pm	6pm	Arrow Chemicals	8pm	+1
23	F.P.	—	30/11	27	24	C. N. Industrials 10p	25	......
82	Nil	—	9/12	4pm	3pm	Cartwright (R.) 10p	4pm	+1
60	F.P.	—	11/11	61	50	✠Coleman Milne 10p	60	......
660	Nil	—	11/11	70pm	65pm	✠Continental Microwave	66pm	......
*310	Nil	—	—	20pm	20pm	F.&C. Enterprise Units 10p	20pm	......
30	Nil	—	9/12	4pm	3pm	✠Inn Leisure 5p	3pm	−1
20	F.P.	—	18/11	52	37	Inter-City Inv. 20p	40	+5
276	Nil	—	11/11	43pm	60pm	Lex Service	43pm	......
120	Nil	7/11	2/12	25pm	7pm	MFI Furniture 10p	25pm	+2
11	F.P.	—	25/11	42	15	✠Parkfield Foundries 5p	48	......
2½	F.P.	—	2/12	17	14	✠Sampang (Java) 2½p	16½	......
210	F.P.	—	11/11	242	226	Utd. Newspapers	242	+2
25	Nil	—	4/1	7pm	5pm	Ward White	6½pm	......
‖	Nil	—	—	108	83	Western Mining Options	102	+6

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✠ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series B Warrant.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 24	Nov 4	Jan 26	Feb 6
Nov 7	Nov 18	Feb 9	Feb 20
Nov 21	Dec 2	Feb 23	Mar 5

For rate indications see end of Share Information Service

Calls were transacted in Rank Organisation, East Daggafontein, London and Liverpool, Logica, Inter-City, Bridgend Processes, GEC, SGB, LCP, Samantha, Jones Mining, Premier Oil, Trident TV A, Sterling Guarantee, Australis, Duport, Armour Trust, British Benzol, RHP, Tricentrol, Dunlop, P & O Deferred, Cluff Oil and Englogion. Puts were arranged in Ramar Textile, London Brick and Nimslo, while a double was taken out in Bunzl.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Aran Energy	54	—
Atlantic Res	635	−15
British Car Auction	219	+11
Charterhouse Group	107	+11
Cons Gold Fields	470	− 8
Eagle Star	590	+ 5
Hogg Robinson	126	− 1
ICI	586	+ 2
President Steyn	£25	− 2½
RIT and Northern	236	+33
RTZ	570	− 8
Shell Trans	558	+12

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Eagle Star	20	685	+57
GEC	20	201	+ 2
Marks & Spen	17	206	− 5
Babcock Intl.	16	140	− 9
Fleet Holdings	15	107	− 1
Glaxo	15	742	+22
GUS "A"	15	580	− 1
Comm Union	14	174	+ 4
ICI	14	578	—
Mollins	11	72	+ 2
Phoenix Assur	12	365	+17
Powell Duffryn	12	236	−12
Grand Met	11	322	− 1
Hogg Robinson	11	127	− 4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	55	3	43
Corpns. Dom. and Foreign Bonds	16	2	55
Industrials	342	130	913
Financial and Prop.	157	47	321
Oils	31	16	68
Plantations	5	2	11
Mines	60	37	69
Others	79	34	54
Totals	745	275	1,536

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (47)

BRITISH FUNDS (4)
Treas 3pc 1985 Treas 9¼pc '78-88
Treas 10¼pc Cv '87 Treas 13pc 1990
INT BANK & O'SEAS GOVT STLG ISSUES (2)
Int-Am Dev Bank 12½pc 2003 Malaysia 12¼pc Ln 1988
COMMONWLTH & AFRICAN LOANS (1)
N. Zealand 7¼pc 1988-92
LOANS (1)
Inv in Ind 7½pc A Deb '89-92
FOREIGN BONDS (1)
Iceland 6½pc '83-08
AMERICANS (4)
Cons Food Quaker Oats
Exxon TRW Inc
CANADIANS (1)
Bell Canada
BANKS (1)
Gerrard & Natl
STORES (4)
Combined English Gee (Cecil)
Fine Art Devs Walker (James)
ELECTRICALS (2)
C.A.S.E. Microfilm Reprogs
ENGINEERING (2)
Cummins 3½pc Cnv Uns Ln 78-94 Neill (James)
INDUSTRIALS (7)
Anglo-African Fin Lilleshall
Consultants (C. & F.) Sale Tilney
Continental Group Scott & Robertson
Harvey & Thompson
LEISURE (3)
Grampian TV A Trident TV A
LWT A
MOTORS (1)
Brit Car Auction
NEWSPAPERS (1)
Websters
PAPER (1)
Cropper (James)
PROPERTY (6)
Allied London Mountleigh
Ests Prop Inv Peachey
Laing Props 8½pc Cnv Uns Ln 2000-05 Regalian
SHOES (1)
Pittard
TEXTILES (1)
Sirdar
TRUSTS (3)
British Invest Int Inv Tst of Jersey
RIT & Northern

NEW LOWS (10)

STORES (1)
Bakers Household
ELECTRICALS (3)
HB Elect Comps Telefusion A N V
Telefusion
ENGINEERING (4)
Camseal Priest (Ben)
Clayton, Son Redman Heenan
INDUSTRIALS (1)
Assoc Telecom
LEISURE (1)

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*424)						
360	74	—	—	3	—	—
390	44	58	64	6	12	18
420	22	36	44	15	24	32
460	7	16	26	42	50	54
Cons. Goldfields (*477)						
460	52	70	80	22	30	40
500	32	48	55	42	57	67
550	14	25	—	82	82	—
600	7	13	—	125	127	—
650	2	6	—	175	177	—
Courtaulds (*94)						
76	21	—	—	2	—	—
86	14	—	—	3	—	—
90	—	14	16	—	6	7
96	7½	—	—	7	—	—
100	—	7	8	—	12	14
110	2½	3½	—	17	20	—
Commercial Union (*173)						
140	36	38	40	2	3	5
160	17	19	22	5	10	12
180	7	11	13	15	20	22
G.E.C. (*204)						
180	30	38	42	3	6	8
200	12	24	30	11	13	16
220	8	12	—	20	26	—
240	2	8	—	38	40	—
260	1	—	—	—	—	—
Grand Met. (*326)						
300	38	46	68	6	11	15
330	14	26	38	20	25	30
360	6	11	—	37	45	—
390	2	4	—	67	70	—
I.C.I. (*586)						
420	174	—	—	2	—	—
460	134	—	—	3	—	—
500	94	98	—	3	9	—
550	52	58	72	11	24	30
600	21	28	40	30	44	50
Land Securities (*333)						
280	58	63	—	2	4	—
300	39	45	51	4	8	11
330	15	23	29	12	17	21
Marks & Spencer (*208)						
180	30	37	—	3	4	—
200	13	21	26	7	9	12
220	4½	10	15	18	21	24
Shell Transport (*554)						
460	102	—	—	6	—	—
500	62	70	78	6	9	12
550	28	40	48	20	24	32
600	8	20	26	58	64	70
650	4	7	—	102	112	—

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*432)						
420	25	40	52	6	17	27
460	5	20	30	37	37	45
500	1	6	12	72	72	77
550	1	2½	5	—	—	120
Imperial Group (*135)						
110	26	28	29	1	1	2
120	15½	12	20	1	3	4
130	7	10	13½	3	5	7
LASMO (*276)						
300	7	23	32	33	40	45
330	2	12	12	57	62	67
360	2	5	12	27	82	92
390	1	3	6	2	—	2
Lonrho (*97)						
90	10	13	15	1	3½	4
100	2½	6½	8½	5	8	10
110	0½	3½	5	14	16	17
P. & O. (*235)						
180	56	58	—	1	2	—
200	35	38	45	2	3	4
220	16	24	31	3	8	9
240	4	13	20	15	21	23
Racal (*209)						
180	34	40	48	1	5	8
200	16	26	32	6	10	13
210	7	—	—	12	—	—
220	—	15	28	—	20	24
R.T.Z. (*574)						
500	75	94	—	2	9	—
533	45	67	—	7	20	—
550	30	52	70	15	30	40
583	15	33	—	30	45	—
600	6	22	40	45	60	62
650	1½	11	20	83	90	95
700	1	6	9	133	135	137
Vaal Reefs (*$91)						
90	6½	11	14	6	10½	14½
100	1½	7	9	11½	16½	18½
110	1	4	6½	20½	23	25½
120	0½	2½	4½	30	31	32
130	0½	1½	2½	40	40½	41½
140	0¼	1	1½	50	49	51½

Option	Calls Dec.	Calls Mar.	Calls Jun.	Puts Dec.	Puts Mar.	Puts Jun.
Beecham (*315)						
300	28	38	45	8	15	20
330	11	20	26	22	32	35
355	2½	8	—	45	48	—
Bass (*320)						
300	30	68	45	6	10	14
330	8	16	26	22	25	30
De Beers (S*730)						
750	42	57	70	50	60	67
800	18	32	45	85	83	95
850	5	20	—	125	133	135
900	2	7	—	175	—	—
Guest Keen (*164)						
176	6	—	—	16	—	—
180	—	12	13	—	20	26
200	2	4	—	38	38	—
Hanson (*216)						
200	23	29	37	3	7	8
220	10	17	23	10	14	18
Tesco (*168)						
160	18	25	28	6	10	12
180	6	11	16	17	19	22

Nov. 2. Total Contracts 2,832. Calls 1,652. Puts 1,180

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS
Public Board and Ind.

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Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

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Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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TRUSTS, FINANCE, LAND

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PLANTATIONS

Rubbers, Palm Oil

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MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
		Australians					
28½	13½	♥ACM 20c	18	+½	—	—	—
52	32	Allstate Expln NL	44	+6	—	—	—
40	9	♥Australis Mng. NL	24½	+½	—	—	—
25	11	Balmoral Resources	16	.....	—	—	—
60	36	♥Black Hill Mins.	36	.....	—	—	—
85	51	♥Bond Corp.	74	+3	Q13c	ф	8.7
183	116	♥Bougainville 1 Kina	143	+1	m03 21	1.2	1.4
372	204	♥CRA 50c	348	+8	tQ5c	—	0.3

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	30	Admiral Mines	32	+2	—	—	—
90	34	♥Anglo-Dominion	67	......	—	—	—
93	54	♥Anglo Utd. Dev.	62	+2	—	—	—
172	60	♥Colby Res Corp.	120	.....	—	—	—
530	315	Cons. Murch. 10c.	410	+18	‡Q60c	1.9	‡
240	170	Hampton Areas 10p	180	−5	3.75	2.1	2.8
215	103	♥Highwood Res.	160	−5	—	—	—
£24½	£17½	Homestake Mining $1	£18xd	+⅛	Q20c	—	8.7
495	280	Northgate C$1	280	......	—	—	—
672	437	R.T.Z.	570xd	−8	t17.0	2.9	4.3
£147½	£108	Do 9¼%Cnv.Ln.95-2000	£126½xd	−½	Q9½%	32.5	7.7
190	13	♥Sabina Inds C$1	70	.....	—	—	—
		For Southwest Res see Oil & Gas					
750	312	♥Tara Expln $1	660	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. This compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ф Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	62	......	Fin. 13% 97/02	£94⅞	+⅛
Bdg'wtr. Est. 50p	295	+10	Alliance Gas	75	......
Craig & Rose £1	£10½	.....	Arnott	205	−5
Finlay Pkg. 5p	37	.....	Carroll (P.J.)	99	......
Higsons Brew.	85	.....	Concrete Prods.	75	......
Holt (Jos) 25p	910	.....	Heiton (Hldgs.)	16	......
I.O.M. Stm. £1	130	.....	Irish Ropes	34	......
IRISH			Jacob	83	+2
Exch. 12% 1985	£98⅞	.....	T.M.G.	85	......
Nat 9¾% 84/89	£88	+⅛	Unidare	78	......

For Graig see Shipping

For Pearce (C. H.) see Buildings

OPTIONS

3-month Call Rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		House of Fraser	20	Utd. Drapery	22
Allied-Lyons	13	I.C.I.	45	Vickers	12
BOC Grp.	20	"Imps"	11	Woolworth Hld	30
B.S.R.	20	I.C.L.	7		
Babcock	15	Ladbroke	22	**Property**	
Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	48	Land Sec.	28
Boots	16	"Lofs"	4	MEPC	20
Bowaters	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	11
B.A.T.	14	"Mams"	14	Town & City	4
Brown (J.)	3½	Mrks. & Spncr	20		
Burton Ord.	35	Midland Bank	40	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	55	Burmah Oil	17
Debenhams	14	P & O Dfd.	21	Charterhall	9
Distillers	20	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	5½	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	42	Reed Intnl	32	Ultramar	65
Gen. Electric	18	Sears	8		
Glaxo	75	T.I.	13	**Mines**	
Grand Met.	30	Tesco	17		
G.U.S. "A"	50	Thorn EMI	55	Charter Cons.	28
Guardian	45	Trusthouse	16	Cons. Gold	58
G.K.N.	16	Turner & Newall	7	Lonrho	9
Hawker Sidd.	28	Unilever	70	Rio T. Zinc	62

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

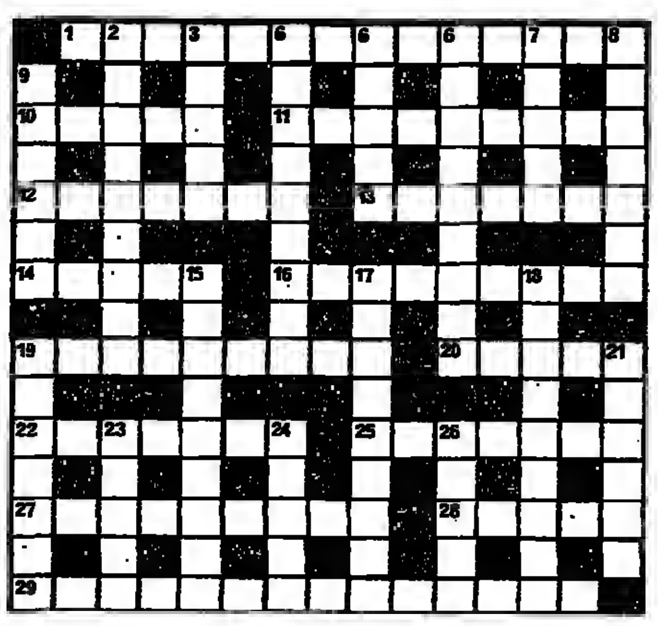
Authorised Units—continued

Next subscription day Nov 1 1063.
*Fleming American Property Unit Trust.
Latest issue price 15/11 US$10 621.
Units are issued on Feb 13, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price 129.81 £2.070.
Units are issued on March 25, June 24, Sept 20 & Dec 25.
*Unauthorised.

Offshore and Overseas—continued

Insurances—continued

F.T. CROSSWORD PUZZLE No. 5,260



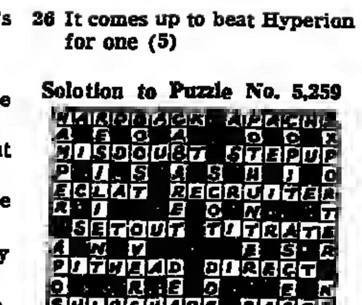
ACROSS

1 Where in Bucks there is real poverty? (5, 9)
10 Starts to open newly introduced cold drink (5)
11 I'm favourite having speed to obtain by petition (9)
12 Woo back exhibit (7)
13 Personal chattel owned by odd Dean? (7)
14 Calm beginner seen in an atelier (5)
16 Caledonia uncommonly lukewarm in religion (9)
19 Behave like a stag (9)
20 He wouldn't like much 10! (5)
22 Bandage soldier led astray (7)
25 South African and French, there's money in cloth (7)
27 It fills a gap (9)
28 Row round river Test (5)
29 In the main, would we hear worker? (5-9)

DOWN

2 State volunteer (9)
3 German I observed in Tyneside recess (5)
4 I can still produce a spark (9)
5 Swift attack capturing Prussian leader (5)
6 One who makes an impression on you (9)
7 Soak a material in the Far East (5)
8 Frock cut for retreat in Saxony (7)
9 Pets look up for exercise it's plain (6)
15 Smoother worker? (9)
17 Involuntary way to have retirement extended (9)
18 Letter is thoughtful but costly (9)
19 Relations working in the theatre perhaps (7)
21 A hill up to the railway club (6)
23 Some clap puissance movements on horseback (5)
24 Heath minister I can't find in here (5)
26 It comes up to beat Hyperion for one (5)

Solution to Puzzle No. 5,259



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INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		233.37	-0.27	—
Managed Inv. Fd.	156.86	165.12	-0.52	—
Property Fd.	151.46	159.44	+0.41	—
Fixed Interest Fd.	146.09	153.78	-1.11	—
Cash Fd.	136.49	143.68	+0.57	—
Income Fd.	168.36	177.23	-3.27	—
Extra Income Fd.	160.75	169.22	-1.09	—
Worldwide Growth Fd.	229.55	238.90	-12.92	—
Balanced Fd.	167.80	176.64	-4.86	—
Smlr Co's & Recy. Fd	198.34	208.78	-5.37	—
Int. Technology Fd.	250.82	264.02	-3.25	—
Nth. Amer. & Gen. Fd.	157.08	166.19	-12.92	—
Energy Int. Fd.	100.47	105.76	-7.60	—
Pacific Basin Fund	135.41	142.54	+3.34	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	111.9	117.8	—	—
Property	109.9	115.7	—	—
Equity	122.9	128.8	—	—
International	127.3	134.0	—	—
Fixed Interest	101.5	106.8	—	—
Deposit	99.4	104.6	—	—
Managed Pen. Cap.	112.2	118.1	—	—
Property Pens. Cap.	109.6	115.9	—	—
Equity Pens. Cap.	106.6	112.2	—	—
Intnl. Pens. Cap.	132.6	139.5	—	—
Fixed Int. Pens. Cap.	99.0	104.2	—	—
Deposit Pens. Cap.	97.3	102.4	—	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ. 01-628 8131

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0759

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

OFFSHORE AND OVERSEAS

Westam Secs (Guernsey) Ltd. (?)
PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd	[illegible]	1.16	.....	2.50
US $ Option	$1.00	1.05	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $12.25 -0.03 —
Inv. Adv.: M. & G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	22.2	23.1	.....	—
Chinese Fund	65.0	67.6	-0.2	—
Precious Metal Fund	118.6	123.5	.....	—
Vanguard Cmdy. Fd.	35.2	36.1	-0.9	—
Financial Futures Fd.	64.1	66.7	-13.8	—
Wren Intl. Fnd.*	$0.458	0.477	+0.080	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase

COMMODITIES AND AGRICULTURE

Query on legality of Pik payments

BY NANCY DUNNE IN WASHINGTON

THE General Accounting Office (GAO), Congress' investigative agency, has issued two reports questioning the legality of provisions in the Administration's Payment-in-Kind (Pik) acreage reduction programme and demonstrating that Pik is providing huge payments to wealthy farmers.

In one report, the GAO found that the U.S. Department of Agriculture (USDA) is violating the law when it waives a $50,000 limit on payments to individual farmers. The department had claimed that without the waiver participation in the programme would be so limited as to make Pik ineffective.

USDA attorneys' ruled that the $50,000 limit could be dropped because Pik farmers were being given surplus crops instead of cash.

A GAO survey of 708 farms participating in the programme found they were averaging $175,000 in free commodities, with 35 farms receiving crops worth over $500,000 and another seven receiving payments valued at more than $2m. Of the ten farms scheduled to get the largest payment, eight were cotton producers in California.

The accounting office said that Pik may cost the government as much as $11bn in forfeited assets, and it concluded that the programme will probably not achieve the budget savings promised.

Mr Fortney Stark, Democratic congressmen from California and chairman of a House ways and means subcommittee, held hearings on tax aspects of the Pik programme yesterday to question the special tax treatment given on Pik commodities.

He is expected to push for an end to the tax break on grounds that the programme is working most to the benefit of the wealthiest farmers.

"I suspected Pik was going to be a licence to steal, and now we have the GAO findings," he said.

The Department of Agriculture is planning to continue the Pik programme for wheat farmers in 1984. But, unless it is forced to by Congress, there is unlikely to be a 1984 Pik for feed grains because stocks have been cut drastically.

Sugar at 6-month lows

BY RICHARD MOONEY

THE FALL in world sugar values was resumed yesterday taking prices to new six-month lows. After steadying £2 on Wednesday, the London daily raw sugar price was fixed £7 down at £130 a tonne, bringing the recent fall to £40 in just over three weeks.

A dramatic turnround in growing conditions is largely responsible for the recent fall. Late plantings and lack of rainfall early in the season had led to expectations of a sharp fall in world sugar production and a reduction of more than 3m tonnes in world stocks.

But in the face of much improved growing conditions in the autumn the expected stocks drawdown has been cut back to 1m tonnes or less by most analysts.

In a recent assessment a U.S. Agriculture Department economist actually forecast that world sugar stocks would rise by more than 700,000 tonnes in the 1983-84 season.

Traders said yesterday's renewed price decline followed on from Wednesday's after hours trend and was encouraged by free availability of physical sugar for nearby delivery

Boost for Jamaica bauxite refinery

THE Aluminium Company of America (Alcoa), which recently announced plans to reopen a mothballed section of its bauxite refinery in Jamaica, is to increase the plant's capacity by over 250,000 tonnes.

Mr Edward Seaga, Jamaica's Prime Minister and Mining Minister, said the company would spend $14.5m on increasing the refinery's rated capacity to 800,000 tonnes a year.

● NON-OIL commodity prices will rise 6-8 per cent in dollar terms next year, says Mr David Korn, manager and chief economist of National Westminster Bank's market intelligence department.

● THE UK cereals harvest is expected to reach 21m tonnes this year, slightly less than first thought and almost 730,000 tonnes down on last year's record, the Home Grown Cereals Authority said.

● ZAMBIAN railway workers have gone on strike, disrupting goods traffic between the copper belt and the border city of Livingstone.

● THE ENVIRONMENT Department wants a ban on all land reclamation schemes along the Lincolnshire coast until 1986.

● THE ASIA/PACIFIC region's annual output of synthetic rubber tyres for cars and commercial vehicles will grow from an estimated 160m this year to 200m by 1990, Exxon Chemical Asia Pacific said.

● OVERALL demand for U.S. farm produce could grow 2-3 per cent annually for the rest of the decade, the U.S. Agriculture Department said.

● BOMBAY port stevedore staff called off their two-week-old strike.

Sheepmeat proposals 'bad for Britain'

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday proposed reforms to the EEC's sheepmeat regime which will anger British lamb producers and threaten current levels of New Zealand exports to the Community.

"Bad for Britain" was one UK official's first response to the proposals, which extend to sheepmeat the zealous quest for economies being applied to other sectors of the Common Agricultural Policy.

The most objectionable feature from the British point of view is a plan to put a 25 per cent ceiling on the variable slaughter premium. This is a sort of deficiency payment which bridges the gap between the market price in the UK and the EEC guaranteed guide price. This year the premium has averaged 37 per cent of the guide price.

Introduced in May 1980 as a solution to the Anglo-French sheepmeat war, the cost of the regime has rocketed from 53.5m European Currency Units (ECU) in 1980 to 360m ECU this year. More than 95 per cent of the expenditure takes place in the UK and now is the time, says the commission, "to keep expenditure within reasonable limits."

The Commission proposes negotiations with third country suppliers "with a view to reducing the quantities laid down in the existing voluntary restraint agreements," and introduction of a minimum import price.

The restraint agreements currently limit imports into the EEC to 322,000 tonnes a year, but this total has never yet been reached. New Zealand is much the largest supplier, accounting for 244,000 tonnes out of last year's total imports of 251,000 tonnes. Total production this year is forecast at 740,000 tonnes and consumption at around 979,000 tonnes. The commission says this should rise to 770,000 tonnes in 1985 against consumption of 980,000 tonnes. Restrictions on imports would therefore seem to be aimed at averting any possible oversupply of the market.

Richard Mooney adds: EEC plans to halt the growth of the Community's milk production will distort the market and build up new problems for the future, says Mr Michael Jopling, the UK Farm Minister. He was "disappointed" that the commission had rejected the method of applying the production threshold which was used at this year's price fixing.

Fears over EEC reforms stalk the land

FARMER'S VIEWPOINT: By John Cherrington

AT 6.30 am one Tuesday about three weeks ago a BBC news flash suggested that the EEC was going to withhold payment of certain subsidies with particular reference to sheep. Many farmers must have been listening because the market entries for that day were down by 30 per cent on the week before, and the price in those markets rose by about 10p a kilo. It was, in fact, a false alarm.

This reaction was quite understandable to anyone who had been meeting farmers, not in the corridors of Agriculture House, the NFU headquarters, but at the grassroots of country markets and in the pubs. Farmers had already got the message that the Community was running out of cash. They had heard it repeated *ad nauseam* by Mr Michael Jopling, the present Minister, who talked about price controls, and they sincerely believed that something very nasty was going to happen.

It had not been enough to affect confidence seriously. No farmer was going to sell his cows or sheep, the two sectors most obviously under threat. But there was no doubt that a new mood was abroad. For the first time in several years the trade for breeding sheep, particularly in the South of England was subdued. In the early part of the selling season this was because of the drought and latterly because of unkind noises from Brussels.

Already the ewe premium advance payment, which should have been made in October, had been delayed until the New Year. Not a matter of great moment, at somewhere below £3 per ewe.

The variable premium on lamb is of much greater concern. This guarantees that the price received from the lamb in the markets is made up to the guide price, or guarantee. So far this year the premium has averaged 37 per cent of the guide price and at times has approached 50 per cent.

The Commission's suggestion is that in future the premium should amount to no more than 25 per cent of the guide price, effectively reducing the return on a farmer's lambs unless the market price rises. It should be emphasised that this has not yet been agreed by the Council of Ministers.

In dairying there is even more apprehension. The facts of the butter mountain and other surpluses are well known. There are farmers who support the Milk Marketing Board line, tirelessly reiterated by Sir Steve Roberts, its chairman. This states that there is no British surplus and that this country still imports milk products—all that is needed is better marketing.

Sir Steve is particularly scathing about suggestions of a super levy of 75 per cent on output over the 1981 norm, which he claims would be a brake on efficient farmers and the young. Production quotas, which this will possibly entail, are anathema to him.

He seems to favour a price freeze which in the fulness of this inflationary period would gradually reduce the real return from milk. But this would in no way stem the flow of milk, in fact it could stimulate it.

Many farmers say they see no point in steadily increasing production for which there is no market, and that those who do step up their output should bear the costs of their surpluses themselves, instead of inflicting them on the industry as a whole.

The grass roots are remarkably unanimous on third country imports, butter and sheep meat from New Zealand. If there were to be sacrifices, they would have to share them.

There is a logical argument for admitting a decreasing quota of New Zealand butter on the grounds that otherwise it would make the world market, on which the Community relies for getting rid of its surplus, very shaky.

There are voluntary restrictions on sheep meat imports agreed by exporters, mainly New Zealand, which the Commission hopes to reduce further. But these have been more than matched by increases in UK production. None of the suggested reforms have yet been implemented and possibly never will be, but farmers are feeling threatened and are proceeding with caution.

EEC soya imports expected to drop

By Nancy Dunne in Washington

HIGH PRICES and weak demand are expected to reduce EEC soyabean imports by about 900,000 tonnes in 1983-84, the U.S. Department of Agriculture (USDA) reported at its annual outlook conference this week.

Altogether, U.S. soyabean exports are forecast to decline about 5m tonnes, while exports from Brazil, Argentina and Paraguay are expected to increase by 1.2m tonnes.

World oilseed production is expected to fall 16.4m tonnes from last year, principally because of the U.S. soyabean shortfall. World soyabean meal consumption is expected to fall 5 per cent, and for the first time in years soya bean oil consumption is expected to decline about 300,000 tonnes.

While prices will be high—they are expected to peak by the end of the marketing year—the soyabean meal market is a bleak one for exporters. USDA expects East European meal imports to decline about 500,000 tonnes due to the region's financial problems, and EEC meal imports are expected to decline about 300,000 tonnes as higher prices ration usage.

The USSR is the only major importer expected to increase its meal imports, but the rise is forecast to be much smaller than the 900,000 tonne increase last year.

Reduction in feed grain and soyabean production, principally in the U.S., leading to higher prices will moderate gains in meat and egg output in some countries and contribute to declines in others.

World production of red meat and poultry will continue sluggish growth, rising about 1 per cent this year and increasing slightly in 1984.

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 3 1983	+ or −	Month ago
Metals			
Aluminium	£1050	....	£1050
Free Mkt	$1630/1660	....	$1600/38
Copper			
Cash h grade	£914	−19.5	£972.75
3 mths	£936.75	−18.5	£996.25
Cash Cathode	£894.25	−19.75	£947
3 months	£917.5	−19.75	£871.5
Gold troy oz	$317.695	−4.0	$385.375
Lead Cash	£210.25	−3	£277
3 months	£280.25	−3.25	£286
Nickel	£4646.54	....	£4646.54
Free mkt	215/235c	....	215/235c
Palladium oz	$143.25	−9.75	$157.75
Platinum oz	£253.10	−4.8	£268.35
Quicksilver	$315/325	....	$320/330
Silver troy oz	583.75	−6.15	694.15p
3 mths	596.40	−6.35	709.45p
Tin cash	£8586	−3	£8467.5
3 month	£8680.5	....	£8560.5
Tungsten	$78.25	−7.54	$17.32
Wolfr'm 22.04 lb	$74/78	....	$78.83
Zinc Cash	£511	−7	£561.5
3 mths	£584.5	−1.5	£515.6
Producers	$928	....	$880

	Nov. 3 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$890.0y	....	$880
Groundnut	‡	....	‡
Linseed Crude	‡	....	‡
Palm Malayan	‡	....	$670
Seeds			
Copra Phill	$875x	....	$570
Soyabean (U.S.)	$338.75	+7	$334.5
Grains			
Barley Fut. Jan	£118.45	+0.16	£101.10
Maize	£146.00	....	£144
Wheat Fut. Jan	£153.05	+0.15	£134
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1524.5	+20.5	£1540
Fut. March	£1458	+23.5	£1474.5
Coffee Ft. Jan.	£1848.5	−20	£1841.5
Cotton A.Index	89.50c	+0.16	87.30c
Gas Oil, Dec	$957.75	+1.75	$246.75
Rubber (kilo)	79.00p	+0.25	78p
Sugar (Raw)	£130	−7	£168.5
Woolt'ps 64s	401p kilo	....	401p kilo

‡ Unquoted. u Dec. v Jan. e Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.40-28.50	—
Iranian Light	27.85-27.95	—
Arabian Heavy	26.30-26.50	−0.05
North Sea (Forties)	29.20-29.25	−0.55
North Sea (Brent)	29.25-29.55	−0.12
African Bonny Light	29.50-29.75	−0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	296-300	+0.5
Gas oil	250-251	+1.5
Heavy fuel oil	171-175	+0.6

A steady New York close brought the market in around $1.00 higher and it remained steady through the morning, supported by firmer physicals. On the re-opening, the market moved to the highs, but long liquidation prevented a follow-through, reports Premier Man.

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Nov	254.50	—	255.50-54.50
Dec	257.75	+1.75	257.75-56.50
Jan	258.00	+1.50	258.00-57.25
Feb	251.00	+1.75	257.00-56.00
Mar	251.50	+2.00	252.00-50.25
April	247.00	+0.50	247.00-46.25
May	244.50	+0.56	—
June	244.60	+0.50	—
July	243.50	+0.187	—

Turnover: 2,475 (1,330) lots of 100 tonnes.

GOLD MARKETS

Gold fell $4½ to close at $377¼-378. It opened at $382¼-383¼, and was fixed at $381¾ in the morning, and $377¾ in the afternoon. The metal touched a peak of $383-383¼, and a low of $375¾-$378¼.

In Paris the 12½ kilo gold bar was fixed at FFr 99,000 per kilo ($382.52 per ounce) in the afternoon, compared with FFr 99,300 ($383.63) in the morning, and FFr 99,600 ($383.87) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,570 per kilo ($383.01 per ounce), against DM 32,555 ($382.03), and closed at $377¼-378, compared with $383-383¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $383.25 per ounce.

In Zurich gold finished at $376-379, against $382-385.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
Nov	372.50-70.00	−10.50	—
Dec	379.70-79.80	−6	385.50-79.50
Feb	385.50-85.70	−6.30	585.90-85.70
April	389.00-95.00	−5.05	—
June	393.50-99.50	−6.30	—
Aug	401.00-04.00	−6.55	—

Turnover: 681 (698) lots of 100 troy ounces.

Gold Bullion (fine ounce)	Nov. 3		Nov. 2	
Close	$377¼-378	(£255¼-253¾)	$381¼-388½	(£256½-251)
Opening	$382¾-385½	(£257¼-251¾)	$377¼-378	(£254-254½)
Morning fixing	$381.75	(£256.346)	$381.50	(£257.041)
Afternoon fixing	$377.75	(£253.609)	$383	(£257.592)

Gold and Platinum Coins Nov. 3					
Krugrnd	$385-388½	(£260½-260¾)	King Sov	$92-93½	(£61¼-62¾)
½ Krg	$200-200¾	(£134¼-134½)	Victoria Sov	$92-93½	(£61¼-62¼)
¼ Krg	$102-102¾	(£68½-69)	French 20s	$72½-75¾	(£48¾-48½)
1/10 Krug	$41½-42¼	(£27¾-28½)	50 pesos Mex	$458-461	(£308¼-309½)
Mapleleaf	$381¾-588¼	(£260¼-260¾)	100 Cor. Aust	$370-374	(£248½-251)
New Sov	$88½-89¼	(£59½-60)	$20 Eagles	$530-545	(£358¼-366¾)
½ New Sov	$53-53¼	(£35½-36)	Noble Plat	$388-550	(£260½-264)

EUROPEAN MARKETS

ROTTERDAM, Nov 3.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Nov 20/Dec 10 160.50, Dec 161, Jan 161.50, Feb 163.50, March 165. U.S. Northern Spring 14 per cent protein Nov 185, Dec 188, Jan 193, Feb 194, March 195. U.S. Three Amber Durum Nov 20/Dec 20 203, Nov/Dec 204, April/May 207.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 161, Nov 151, Dec 151, Jan/March 161.50, April/June 151 sellers. Argentine Plate afloat 172, Nov 174 sellers.

Soyabeans—(U.S.$ per tonne): Two Yellow Gulfports Nov 332.75, Dec 335.50, Jan 339.20, Feb 343.20, March 347, April 347, May 347.50, Oct 271.50, Nov 271.50, Dec 275, Jan 279.50 sellers. Argentine afloat 329.50 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 264, Nov 268.50, Dec 272, Jan 278, Jan/March 280, April/Sept 273 sellers, after afloat 262-262.50-263-263.50. Jan 276.50-276.50 traded. Pellets Brazil afloat 281, Nov 293, Dec 297, Jan 301, Jan/March 303.50, April/Sept 275.50 sellers, after April/Sept 275-275.50 traded. Pellets Argentine afloat 276, Nov 279, Dec 283, Jan 291 sellers.

PARIS, Nov 3

Cocoa—(FFr per 100 kg.) Dec 1725-1728, March 1750-1753, May 1775 bid, July 1795 bid, Sept 1815 bid, Dec 1842 bid, March 1868 bid. Sales at call: 1.

Sugar—(FFr per tonne): Dec 1840-1843, March 1870-1875, May 2055-2060, Aug 2125-2150, Oct 2215-2230, Dec 2245-2260. Sales at call: 12.

BRITISH COMMODITY PRICES

BASE METALS

BASE METAL prices generally lost ground on the London Metal Exchange, in line with the poor performance from precious metals. Copper was finally £935.5, the worst hit, while Lead fell to £281, Zinc to £587.5, Aluminium to £1,049.5, and Nickel to £3,198. Tin was supported all day, with substantial volumes traded, and closed unchanged at the support level of £8,680, with high-grade at £8,720.

COPPER

Amalgamated Metal Trading reported that in the morning higher-grade three months copper traded at £944, 43, 42.50, 42, 42.50, 43, 42, 42.50, 43, 43.50, 44. Cathodes: Cash £902. Three Months: £924.50, 925. Kerb: Higher Grade: Three months £941, 42, 43. Afternoon: Higher Grade: Three months £936, 36.50, 36, 35.50, 36, 36.50, 37, 35, 35.50, 36, 36.50, 37. Cathodes: Cash £894. Kerb: Higher Grade: Three months £937, 38, 37, 36.50, 36, 35.50, 35, 34.50, 35, 34, 34.50, 35, 35.50, 36. Turnover: 29,050 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grade	£	£	£	£
Cash	921-.5	−18	913.5-4.0	−18.5
3 months	943.5-4	−18.5	936.5-7	−19.0
Settlem't	921.5	−18	—	—
Cathodes				
Cash	902-.5	−8	894-.5	−18.7
3 months	925-.5	−8.5	917-8	−18.7
Settlem't	902.5	−8	—	
U.S. prod	—	—	*68-73	......

TIN

Tin — Morning: Standard: Three months £8,681, 80. High Grade: Cash £8,740, 45, 40, 35, 40. Three months £8,720. Kerb: Standard: Three months £8,681. Afternoon: Standard: Three months £8,683, 81, 80. Kerb: Standard: Three months £8,681, 80. Turnover: 2,080 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	8735-40	−8	8740-50	+12.5
3 months	8720-5	......	8720-5	......
Settlem't	8740	−5	—	......
Standard				
Cash	8579-80	−17.5	8580-90	−3
3 months	8680-1	......	8680-1	......
Settlem't	8580	−10	—	......
Straits E.	$30.04	+0.02	—	......
New York				

LEAD

Lead—Morning: Cash £272.50, 72, 71.75. Three months £282, 82.50, 82, 81.50, 82. Kerb: Three months £281.50. Afternoon: Three months £280.50, 80, 80.50, 80.25. Kerb: Three months: £280.50, 81. Turnover: 16,000 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	271.75-2	−0.62	270-.5	−3
3 months	281.15-2	−0.87	280-.5	−3.25
Settlem't	272	−0.75	—	......
U.S. Spot	—	......	*25.9	......

ZINC

[illegible]

ALUMINIUM

[illegible]

COTTON

[illegible]

NICKEL

Nickel—Morning: Cash £3,120. Three months £3,195, 92, 91, 90, 95, 94, 95. Kerb: Three months £3,195. Afternoon: Three months £3,190, 87, 89, 90, 92, 94, 95, 98, 98. Kerb: Three months £3,195, 3,200. Turnover: 1,886 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	3120-5	−1	3120-5	−12.5
3 months	3195-200	−4.5	3196-7	−11

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 6.15p an ounce lower for spot delivery in the London bullion market yesterday at 583.75p. U.S. cent equivalents of the fixing levels were: spot 869.5c, down 8.5c; three-month 889.5c, down 7c; six-month 910.7c, down 6.0c; and 12-month 955c, down 11.6c. The metal opened 582-594p (882-885c) and closed at 572-574p (853-857c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	583.75p	−6.15	573.0p	−19.5
3 months	596.40p	−6.35	585.25p	−20.5
6 months	609.60p	−6.75	—	......
12months	631.50p	−6.75	—	......

LME Silver (2,000 ounce contract)—Three months: 587.0p (605.8p). Turnover: 23 (nil) lots.

Turnover 256 (51) lots of 10,000 ozs. Morning: Large Contract three months 600.0, 596.0, 95.0, 94.0, 93.0, 92.0, 91.5. Kerb: Large three months 593.0, 94.0, 95.0, 93.5, 95.0, 95.5. Small three months 595.0. Afternoon: Large three months 588.0, 87.0, 87.0, 86.0, 85.5, 85.0, 86.0, 85.5. Kerb: Large three months 585.5, 85.4, 84.5, 84.0, 82.0, 79.0, 80.0, 81.0. Small three months 585.5.

COCOA

Opening steadier futures today attracted new renewed buying interest and closed at the highs. The physical market was generally subdued and only afloat and nearby positions were active, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec	1449-50	+20.5	1453-40
March	1467-68	+23.5	1460-45
May	1469-70	+22.0	1411-65
July	1478-81	+19.5	1475-68
Sept	1490-91	+21.5	1492-76
Dec	1503-04	+17.0	1506-95
March	1616-17	+10.0	1517-06

Sales: 4,353 (2,556) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov 3: 95.40 (93.71): five-day average for Nov 4: 94.00 (93.42).

COFFEE

The market opened £5.00-£10.00 higher before trade selling in January triggered a £15.00 retracement, reports Drexel Burnham Lambert. After failing to respond to a steadier New York [illegible]

GRAINS

[illegible] 137.50, Dec 138.25, Jan 140.75 trans shipment East Coast. English feed fob Nov 124.50, Dec 125.50 East Coast. Maize: French Nov 146, Dec 147.50 East Coast. Barley: English feed fob Dec 120.50 East Coast Scotland Jan/March 126.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Wheat: S. East 120.00, S. West 118.60, W. Mids 119.50, N. [illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.58p per kg lw (+0.35). GB—Sheep 123.73p per kg est dcw (−1.83). GB—Pigs 79.16p per kg lw (+1.74).

SMITHFIELD—Pence per pound. Beef: [illegible]

INDICES

[illegible]

AMERICAN MARKETS

NEW YORK, November 3.

Gold and silver reversed strong down trends evident early in the day as the downside initiative exhausted itself with short-covering and fresh buying evident on the close. The lack of fresh physical selling along with the oversold condition contributed to the firmer tone. Copper remained under pressure as commission house liquidation continued in response to the lack of any significant physical offtake. Sugar, after registering new swing lows early in the session, reversed late in the session and closed strongly on aggressive short-covering stimulated by reports of a potential sale by Brazil to the USSR. Cocoa showed a steadily firmer tone throughout the session as key resistance points were penetrated along with the general lack of aggressive origin selling at the higher levels. Coffee remained underpinned by good roaster support prompted by expectations of further increases in producer asking prices. Cotton rallied late in the session in response to the late turnaround in precious metals along with continued tightness in cash supplies. Heating oil was sharply higher on escalating Middle East tension and the outlook for colder weather in the North East this weekend. The soyabean complex was supported by heavy commercial pricing in meal and possibly meal export business to the Soviet Union while maize was strengthened due to light country movement and a Mexican tender scheduled overnight, reports Reinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2092	2098	1985	1985
March	2055	2059	2008	2011
May	2070	2078	2028	2034
July	2098	2099	2055	2050
Sept	2127	2117	2085	2084
Dec	2138	2130	2105	2095
March	2148	—	—	2105

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	143.99	144.40	143.25	143.37
March	140.75	141.00	138.50	139.89
May	136.75	137.00	135.80	136.05
July	134.38	134.50	134.00	134.20
Sept	132.00	132.25	132.00	131.60
Dec	130.12	130.75	130.50	130.11
March	129.25	—	—	—

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	60.65	—	—	62.06
Dec	61.15	63.05	61.10	62.56
Jan	61.80	61.90	61.90	63.20
March	63.05	64.20	63.00	64.45
May	64.25	65.30	64.30	65.65
July	65.50	66.60	65.50	66.95
Sept	66.75	67.85	66.80	68.20
Dec	68.80	69.40	68.50	70.25
Jan	69.50	68.75	68.75	70.95
March	70.80	71.90	71.00	72.25

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	80.08	80.39	79.70	80.14
March	81.34	81.50	81.00	81.39
May	82.00	82.25	81.70	82.00
July	82.25	82.27	81.50	82.20
Oct	76.20	76.20	76.15	75.25
Dec	74.85	74.97	74.72	74.80
March	75.90	—	—	75.75

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	383.0	379.0	377.5	383.1
Dec	385.0	386.0	377.0	385.8
Feb	391.3	393.0	392.6	391.7
April	397.8	398.5	390.0	398.1
June	404.3	405.5	397.0	404.6
August	411.0	407.5	407.5	411.3
Oct	410.0	414.0	410.0	418.2
Dec	425.2	421.2	419.2	425.4
Feb	391.3	393.0	383.5	391.7

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	131.25	131.35	130.50	130.00
Jan	124.16	124.25	123.75	123.75
March	123.00	123.15	122.55	122.80
May	121.85	122.20	121.70	122.00
July	120.75	121.25	120.90	120.90
Sept	120.35	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	8.90	8.85	8.47	8.55
March	8.43	9.45	8.97	9.70
May	9.75	0.78	9.36	9.48
July	10.10	10.12	9.68	0.76
Sept	10.40	10.40	10.00	10.07
Oct	10.51	10.52	10.08	10.20
Jan	10.65	10.60	10.30	10.60
March	11.40	11.28	11.28	11.31

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	59.30	59.80	59.22	59.35
Feb	58.67	58.85	59.52	58.85
April	62.07	62.15	61.87	62.12
June	64.05	64.10	63.82	64.12
August	62.85	63.05	62.80	62.90
Oct	61.30	61.45	61.16	61.40

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	42.80	43.00	42.56	43.35
Feb	46.37	46.55	46.10	46.70
April	46.62	46.75	46.42	46.95
June	51.80	51.85	51.52	51.90
July	53.70	53.80	53.50	54.09
August	52.85	53.10	52.80	53.02
Oct	52.10	52.10	52.00	52.25
Dec	53.05	53.25	53.06	53.20

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	350.8	351.4	347.4	350.6
March	349.0	349.4	345.4	348.0
May	348.0	348.4	344.4	346.8
July	344.2	344.0	340.4	342.0
Sept	314.2	315.0	311.0	313.2
Dec	293.0	293.4	291.0	292.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	61.20	61.70	60.90	61.82
March	61.62	62.00	61.35	62.25
May	63.40	63.70	63.05	63.81
July	63.85	64.35	63.65	64.22
August	62.32	62.95	62.32	62.70

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Nov	854.0	855.0	832.0	843.2
Jan	872.4	875.0	851.0	867.0
March	888.4	890.0	864.4	877.4
May	890.4	891.4	868.4	878.2
July	886.0	888.0	864.4	876.0
August	860.0	860.4	840.4	850.4
Sept	767.0	771.0	758.0	763.4
Nov	692.4	698.0	683.4	690.4
Jan	702.4	—	—	700.4

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

[illegible]

SPOT PRICES — [illegible]

[illegible]

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retains firm undertone

The dollar improved in currency markets yesterday, underpinned by renewed Middle East tension and fears of higher U.S. interest rates. The latter reflected the authorities' difficulty in raising the Federal debt ceiling and also the possibility of higher money supply figures this week.

Sterling showed a firmer tendency, moving in line with the dollar although the Bank of England may have been in the market in London or early New York to restrict sterling's rise against European currencies.

DOLLAR — Trade weighted index (Bank of England) 127.2 against 122.6 six months ago. The dollar has retreated from the peaks touched in August amid hopes that a sustained fall was imminent following better money supply figures and a slight easing of interest rates. A large U.S. budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit.

The dollar rose to DM 2.6545 from DM 2.6440 and SwFr 2.1580 compared with SwFr 2.15. It was also higher against the French franc at FFr 8.0750 from FFr 8.0425 but eased against the yen to Y234.25 from Y234.45.

STERLING — Trading range against the dollar in 1983 is 1.6235 to 1.4540. October average 1.4977. Trade weighted index 83.7 against 83.7 at noon and 83.6 at the opening and compared with 83.7 at Wednesday's close and 85.0 six months ago. The pound has tended to move with the dollar recently although a decline against Continental currencies is probably welcomed. It has also reacted to Middle East tension and its effect on oil supplies, highlighting the pound's status as a petrocurrency.

The pound closed at $1.4890-1.4900 against the dollar, a rise of 20 points, having traded within a range of $1.4855-1.4910. Against the D-mark it rose to DM 3.9550 from DM 3.9350 and SwFr 3.2175 compared with SwFr 3.20. It was also higher against the French franc at FFr 12.0250 from FFr 11.95 and Y349.25 from Y349.0.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. October average 2.6023. Trade-weighted index 126.1 against 129.8 six months ago. The D-mark has improved after falling to its lowest level for nearly 10 years against the dollar in August. As U.S. money supply figures have improved, attention has switched to German money supply growth, which is causing some concern, and encouraging the Bundesbank to keep interest rates firm. This coupled with the strong German economy is likely to support the D-mark against its EMS partners and the dollar.

The D-mark showed mixed changes at the Frankfurt fixing, but gained ground against the dollar. The Bundesbank sold $41.9m when the dollar was fixed at DM 2.6445, compared with DM 2.6510. This was the biggest dollar sale by the German authorities at the fixing since August 12, and may indicate the determination of the Bundesbank to keep orderly conditions after Wednesday's rescue of a major private bank.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.22 to 6.6060. October average 7.9445. Trade-weighted index 67.3 against 70.0 six months ago. The French franc is comfortably placed within the EMS and has received a boost from improving balance of payments figures, and in September the first trade surplus for more than four years. This should help to restrain any pressures building up for an EMS realignment, and has allowed an easing of Eurofranc interest rates.

The French franc was firmer against most currencies at the Paris fixing. The dollar fell to FFr 8.04975 from FFr 8.07, and the D-mark to FFr 3.0437 from FFr 3.0441. The Swiss franc declined to FFr 3.7435 from from FFr 3.7461, but sterling improved to FFr 11.9820 from FFr 11.9760.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9335	+2.30	+1.78	±1.5447
Danish Krone	8.14104	8.14436	+0.04	−0.50	±1.6425
German D-Mark	2.24184	2.25940	+0.78	+0.24	±1.0842
French Franc	6.87456	6.87689	+0.03	−0.51	±1.4052
Dutch Guilder	2.52595	2.53280	+0.27	−0.27	±1.4964
Irish Punt	0.72569	0.727131	+0.20	−0.34	±1.6698
Italian Lira	1403.49	1372.77	−2.19	−2.19	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 3	£	$		£ Note Rates
Argentina Peso	23.94-24.01	16.08-16.11	Austria	27.55-27.85
Australia Dollar	1.6270-1.6290	1.0930-1.0935	Belgium	80.55-81.25
Brazil Cruzeiro	1,247.4-1,254.2	838-842	Denmark	14.12-14.26
Finland Markka	8.4550-8.4750	5.6950-5.6970	France	11.93-12.05
Greek Drachma	140.60-141.20	94.50-94.80	Germany	3.92-3.95
Hong Kong Dollar	11.60¼-11.61¼	7.7975-7.8025	Italy	2370-2405
Iran Rial	129.40*	87.80*	Japan	347-352
Kuwait Dinar (KD)	0.4340-0.4345	0.29155-0.29168	Netherlands	4.39¼-4.43¼
Luxembourg Fr.	80.20-80.30	53.85-53.87	Norway	10.96-11.06
Malaysia Dollar	3.4880-3.4940	2.3440-2.3460	Portugal	181-208
New Zealand Dlr.	2.2500-2.2550	1.5116-1.5140	Spain	222½-237½
Saudi Arab. Riyal	5.1800-5.1840	3.4802-3.4804	Sweden	11.64-11.74
Singapore Dollar	3.1765-3.1795	2.1325-2.1345	Switzerland	3.19-3.22
Sth. African Rand	1.7515-1.7480	1.1686-1.1695	United States	1.48-1.50
U.A.E. Dirham	5.4655-5.4710	3.6720-3.6730	Yugoslavia	193-212

* Selling rates.

CURRENCY RATES

Nov. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709946	0.574025
U.S. $	8½	1.05718	0.854378
Canadian $	0.49	*	1.05328
Austria Sch	3¾	19.6794	15.8914
Belgian F	0	56.8514	45.9335
Danish Kr.	7	10.0797	8.14436
D mark	4	2.79571	2.25940
Guilder	5	3.13395	2.53280
French F	9½	8.51005	6.87689
Lira	17	1698.62	1372.77
Yen	5	n.a.	199.626
Norwgn Kr.	8	7.88630	6.30155
Spanish Pta	—	162.047	130.908
Swedish Kr	8½	8.30096	6.70174
Swiss Fr	4	n.a.	1.83708
Greek Dr'ch	20½	100.157	80.9439

* C$/SDR rate for Nov 2: 1.30136.

CURRENCY MOVEMENTS

Nov. 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	83.7	−7.3
U.S. dollar	127.2	+15.7
Canadian dollar	92.6	+1.1
Austrian schilling	116.6	+3.8
Belgian franc	90.5	−11.1
Danish kroner	79.9	−4.8
Deutsche mark	126.1	+7.5
Swiss franc	150.7	+12.3
Guilder	115.9	+4.6
French franc	57.3	−14.7
Lira	49.5	−11.5
Yen	153.3	+10.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

THE POUND SPOT AND FORWARD

Nov 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4855-1.4910	1.4890-1.4900	0.03-0.08c dis	−0.44	0.23-0.28dis	−0.68
Canada	1.8320-1.8385	1.8365-1.8385	0.05c pm-0.05 dis	—	par-0.10dis	−0.11
Nethlnd.	4.40¾-4.44	4.42¾-4.43¾	1½-1c pm	3.38	3½-3 pm	2.93
Belgium	79.90-80.35	80.20-80.30	8c pm-4 dis	0.15	3-13 dis	−0.40
Denmark	14.17-14.23½	14.22-14.23	3.20-4.25ore dis	−3.14	7.10-8.25dis	−2.16
Ireland	1.2640-1.2720	1.2700-1.2710	0.30-0.40p dis	−3.30	1.05-1.15dis	−3.46
W. Ger.	3.93-3.96	3.95-3.96	1½-1pf pm	3.79	3½-3 pm	3.29
Portugal	186.75-188.25	187.45-187.95	170-410c dis	−18.55	980-1190dis	−18.22
Spain	227.75-229.00	228.55-228.75	215-265c dis	−12.59	715-795dis	−13.21
Italy	2,389-2,396	2,393½-2,395½	14-16lire dis	−7.52	47-49 dis	−8.02
Norway	11.00-11.04	11.02½-11.03½	5.20-5.90ore dis	−6.04	12.85-13.35d	−4.70
France	11.97-12.03	12.02-12.03	2½-3½c dis	−2.99	11½-12½dis	−3.99
Sweden	11.67-11.71	11.69-11.70	4.10-4.65ore dis	−4.49	9.05-9.80dis	−3.22
Japan	347-350	348¾-349¾	0.90-0.80y pm	2.92	2.50-2.35 pm	2.78
Austria	27.65-27.85	27.75-27.80	8-6¾gro pm	3.10	21¾-17¾ pm	2.84
Switz.	3.19½-3.22½	3.21¾-3.22¾	1⅞-1¾c pm	6.06	4¾-3⅞ pm	5.13

Belgian rate is for convertible francs. Financial franc 81.00-81.10. Six-month forward dollar 0.45-0.50c dis. 12-month 0.92-1.02c dis.

THE DOLLAR SPOT AND FORWARD

Nov 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4855-1.4910	1.4890-1.4900	0.03-0.08c dis	−0.44	0.23-0.28dis	−0.68
Ireland†	1.1695-1.1760	1.1700-1.1710	0.30-0.26c pm	2.86	0.84-0.76 pm	2.73
Canada	1.2325-1.2332	1.2325-1.2330	0.05-0.03c pm	0.39	0.16-0.13 pm	0.48
Nethlnd.	2.9640-2.9750	2.9730-2.9760	0.95-0.85c pm	3.64	2.73-2.63 pm	3.61
Belgium	53.70-53.87	53.85-53.87	4-2½c pm	0.72	4½-2 pm	0.24
Denmark	9.5290-9.5650	9.5600-9.5650	0.60-1.10ore dis	−1.07	2.00-2.50dis	−0.94
W. Ger.	2.6420-2.6555	2.6540-2.6550	0.90-0.85pf pm	3.86	2.60-2.55 pm	3.88
Portugal	125.70-126.20	125.90-126.20	110-270c dis	−18.09	380-760dis	−17.82
Spain	153.00-153.50	153.40-153.50	140-160c dis	−11.73	460-520dis	−12.85
Italy	1,606-1,610	1,609-1,610	9.40-9.90lire dis	−7.20	29½-30½dis	−7.49
Norway	7.4000-7.4100	7.4050-7.4100	2.30-2.80ore dis	−3.97	6.30-6.60dis	−3.48
France	8.0425-8.0800	8.0725-8.0775	1.75-1.85c dis	−2.68	6.50-7.00dis	−3.37
Sweden	7.8450-7.8535	7.8475-7.8525	1.50-1.70ore dis	−2.45	3.80-4.10dis	−2.01
Japan	233.35-234.40	234.20-234.30	0.67-0.62y pm	3.31	2.02-1.97 pm	3.41
Austria	18.59-18.64	18.63-18.64	5.80-5.20gro pm	3.54	16.75-14.75pm	3.38
Switz.	2.1450-2.1595	2.1575-2.1585	1.11-1.06c pm	6.04	3.04-2.99 pm	5.60

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 54.37-54.42.

EXCHANGE CROSS RATES

Nov. 3	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.490	3.955	349.3	12.025	3.219	4.433	2395.	1.839	80.25
U.S. Dollar	0.671	1.	2.655	234.5	8.073	2.160	2.975	1608.	1.233	53.88
Deutschemark	0.253	0.377	1.	88.31	3.040	0.814	1.121	605.4	0.464	20.29
Japanese Yen 1,000	2.863	4.265	11.32	1000.	34.43	9.213	12.69	6856.	5.257	229.8
French Franc 10	0.832	1.239	3.289	290.4	10.	2.676	3.686	1991.	1.527	66.74
Swiss Franc	0.311	0.463	1.229	108.5	3.737	1.	1.378	744.2	0.571	24.94
Dutch Guilder	0.226	0.336	0.892	78.79	2.713	0.726	1.	540.2	0.414	18.10
Italian Lira 1,000	0.416	0.622	1.652	145.2	5.022	1.344	1.851	1000.	0.767	33.51
Canadian Dollar	0.545	0.811	2.154	190.2	6.550	1.752	2.414	1304.	1.	43.71
Belgian Franc 100	1.246	1.856	4.928	435.2	14.98	4.009	5.523	2984.	2.288	100.

FINANCIAL FUTURES

Prices steady

Prices were steady in quiet trading on the London International Financial Futures Exchange yesterday. December Eurodollars opened at 90.81, the lowest level of the day, and touched a peak of 90.84, before closing at 90.82, compared with 90.80 previously. March was slightly more active however, also opening at the day's low of 90.53, and rising to 90.58. It finished at 90.55, compared with 90.53.

Market sentiment tended to be nervous as Federal funds traded around 9½ per cent, and speculation continued about a rise in U.S. M1 money supply this week. Today's figure is expected to show a rise of about $1bn, but recent forecasts have been very inaccurate, and this is contributing to market uncertainty.

Money supply is also likely to follow an upward path for the remaining months of this year, and this coupled with expected congestion in the U.S. Treasury refunding programme is having a depressed influence on the bond market and the general interest rate picture. A bunching of the Treasury auctions is expected to follow the delay of the U.S. Senate in raising the official debt ceiling.

December gilts opened at 108-20, fairly near the day's peak of 108-22, and closed at 108-15, compared with 108-18. The three-month sterling deposit contract was firm, with December rising two points to 90.82, and March two points to 90.55. This reflected a continuing easier trend of interest rates on the money market, although market sources suggested that this was surprising against a background of firming U.S. rates, and possibly disappointing UK money supply figures next week.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.21	90.27	90.21	90.30
March	89.91	89.87	89.81	89.88
June	89.49	89.56	89.49	89.57
Sept	89.23	89.29	89.23	89.31
Dec	89.07	—	—	89.08

Volume 1,671 (1,442)
Previous day's open int 7,827 (7,934)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.82	90.84	90.81	90.80
March	90.55	90.58	90.53	90.53
June	90.26	90.28	90.23	90.24
Sept	89.56	89.95	89.95	89.93
Dec	89.59	—	—	89.57

Volume 1,253 (524)
Previous day's open int 5,682 (5,603)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	108-15	108-22	108-13	108-18
March	108-00	108-03	108-00	108-03
June	107-18	—	—	107-22
Sept	107-07	—	—	107-09
Dec	106-28	—	—	106-27

Volume 2,173 (3,244)
Previous day's open int 2,983 (2,780)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 4 to 14 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4905	1.4910	1.4884	1.4886
March	1.4925	1.4925	1.4925	1.4908
June	1.4951	1.4951	1.4951	1.4930

Volume 577 (542)
Previous day's open int 1,671 (1,469)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3786	0.3797	0.3784	0.3796
March	0.3826	—	—	0.3833
June	0.3859	—	—	0.3866

Volume 204 (21)
Previous day's open int 464 (461)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4673	0.4680	0.4673	0.4682
March	0.4745	—	—	0.4742
June	0.4810	—	—	0.4807

Volume 2 (149)
Previous day's open int 128 (104)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4289	0.4292	0.4288	0.4281
March	0.4324	—	—	0.4342
June	0.4359	—	—	0.4351

Volume 55 (1)
Previous day's open int 154 (153)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-09	70-26	70-08	70-26
March	69-22	70-07	69-22	70-08
June	69-06	69-22	69-06	69-24
Sept	—	69-08	68-25	69-10
Dec	68-13	68-27	68-16	68-30
March	68-03	68-15	68-03	68-20
June	—	—	—	68-11
Sept	67-16	67-22	67-15	68-03
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.04	91.14	91.01	91.16
March	90.58	90.69	90.57	90.70
June	90.29	90.38	90.27	90.39
Sept	90.05	90.14	90.04	90.14
Dec	89.84	89.88	89.83	89.92
March	—	89.63	89.63	89.70
June	—	89.44	89.44	89.49
Sept	—	—	—	89.29

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.33	90.44	90.33	90.44
March	—	89.96	89.89	89.95
June	89.49	89.59	89.49	88.59
Sept	88.24	89.31	89.24	88.32
Dec	—	—	—	—
March	—	—	—	—
Sept	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.89	89.98	89.88	89.99
March	89.46	89.57	89.46	89.57
June	89.14	89.25	89.14	89.25
Sept	88.88	88.98	88.88	88.99
Dec	—	88.72	88.88	88.76
March	—	88.45	88.45	88.54

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4890	1.4915	1.4870	1.4895
March	1.491	1.4930	1.4895	1.4915
June	1.4945	1.4955	1.4945	1.4940
Sept	1.4965	1.4975	1.4965	1.4965
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-08	68-19	68-07	68-12
March	67-12	67-22	67-10	67-22
June	66-18	66-27	66-12	66-28
Sept	65-29	65-29	65-29	66-06
Dec	65-09	65-19	65-09	65-19
March	—	—	—	—
June	—	—	—	64-24
Sept	—	—	—	64-14

MONEY MARKETS

UK rates steady in quiet trading

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Interest rates were virtually static in the London money market yesterday with very little to influence much movement. Overnight interbank money opened at 9⅛-9¼ per cent and eased to 9 per cent before slipping further to 8⅞-8⅞ per cent. Funds were in good supply later in the day and late balances were taken down to 1 per cent.

The Bank of England forecast a shortage of around £100m, with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £326m and a rise in the note circulation of £12m. On the other hand Exchequer transactions added £249m to the system. The bank gave help in the morning of £102m, comprising purchases of £31m of eligible bank bills in band 2 (15-33 days) at 9 per cent, £11m in band 3 (34-63 days) at 8⅞ per cent and £60m in band 4 (64-91 days) at 8⅞ per cent. There was no further assistance given in the afternoon.

In Berlin the Bundesbank left its credit policies and key lending rates unchanged after yesterday's meeting of the central council. This was much in line with market expectations with the authorities likely to keep rates at current levels until signs of contraction in the money supply growth. Call money was quoted at 5.6 per cent, reflecting demand for funds at the beginning of the month and concern over the failure of a private bank. Borrowing through the Lombard facility was also up sharply as banks were able to obtain funds in this way at a favourable 5.5 per cent.

The Bundesbank also arranged currency swaps to inject liquidity into the market with the swap arrangements involving between DM 2bn and DM 2.5bn over a six-day period.

In New York Federal funds were quoted at 9⅛-9¼ per cent slightly higher than expected, giving rise to speculation that the Fed may intervene in the market to add reserves.

LONDON MONEY RATES

Nov. 3 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	1-9⅛	9-9⅛	—	—	8-9¼	6-9⅛	—	—	—
2 days notice	—	—	9-9¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9⅜	—	—	—	—
7 days notice	—	9⅛-9¼	9-9⅛	—	—	—	9-9⅛	—	—	—
One month	9¼-9⅛	9⅛-9¼	9⅛	9¼-9⅛	9⅛	9⅛-9⅜	9	9¼	9⅛	9¾
Two months	9¼-9⅛	9¼-9⅛	9¼	9⅜-9¼	9¼	9½	9	8⅞	8⅞	9⅞
Three months	9¼-9⅛	9⅜-9¼	9¼-9⅛	9⅜-9¼	9⅜	9⅜	9	8⅞	8⅞	9⅞
Six months	9¼-9⅛	9⅜-9½	9⅜	9⅜-9	9⅛	—	—	—	8⅞-8⅞	9⅞
Nine months	9⅜-9⅜	9⅛-9¼	9⅛	9⅞-9½	9⅛	—	—	—	—	—
One year	9⅛-9⅜	9⅛-9¼	9⅝	9⅞-9½	9⅛	—	—	—	—	—
Two years	—	—	10¼-10⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 3 to November 1 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅝ per cent; four years 10⅞ per cent; five years 10⅞ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8⅞ per cent; four months' trade bills 9½ per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8⅞-8[15/16] per cent; three months 8⅞-8[27/32] per cent. Approximate selling rate for one-month bank bills 9 per cent; two months 8[29/32]-8[25/32] per cent and three months 8⅞ per cent; trade bills one month 9[23/32] per cent; two months 9[23/32] per cent and three months 9[5/32] per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8307 per cent. Certificates of Tax Deposit (Series 9). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9⅝ per cent; three-months 9⅝ per cent; six-12 months 10 per cent. Under £100,000 9⅝ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 9 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 6	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9⅛-9⅛	9⅛-9¼	9⅛-9¼	9⅛-9⅜	9⅜-9½	9⅛-9⅝
U.S. Dollar	9¼-9½	9⅜-9⅝	9⅞-9⅞	9⅞-9⅞	9⅞-10⅛	10⅛-10⅛
Can. Dollar	8½-9	8½-9	8⅞-9⅛	9⅛-9⅞	9⅛-9⅞	9⅛-9¾
D. Guilder	5¾-5⅞	5¾-5⅞	5⅞-6	6⅛-6⅞	6¼-6⅜	6⅜-6½
S. Franc	1⅞-2⅛	2-2¼	3¼-3⅞	4-4⅛	4⅛-4⅞	4⅛-4⅞
Deutschem'rk	5½-5⅝	5⅛-5⅛	5⅜-5⅜	5⅞-5⅞	5⅞-5⅞	6⅛-6¼
Fr'nch Franc	10⅝-10⅞	12¼-12½	11⅞-12⅛	12⅛-12⅞	13⅝-14	14⅝-14⅞
Italian Lira	15¾-15¾	15½-17	16½-17	16¾-17¼	17⅛-17⅝	10¼-12
Belg. Franc						
Conv	9-9½	9-9½	8¾-9¼	9⅜-9⅞	9¾-10¼	10-10½
Fin	9-9½	9-9½	8⅞-9⅛	9⅜-9⅝	9¾-10	10-10¼
Yen	6⅛-6¼	6⅛-6⅛	6⅛-6⅛	6⅜-6½	6⅜-6½	6⅛-6⅝
D. Krone	10⅛-10⅝	10⅞-11¼	11⅛-11⅝	11⅛-11⅞	11⅛-11⅝	11⅛-11⅝
Asia $ (Sing.)	9½-9⅝	9½-9⅝	9½-9⅝	9⅞-9⅞	9¾-9⅞	10⅛-10⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. NOVEMBER 5)

6 month U.S. dollars		6 month U.S. dollars	
bid 9 11/16	offer 9 15/16	bid 9 13/16	offer 9 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9½
Treasury bills (13-week)	8.60
Treasury bills (26-week)	8.80

GERMANY

Lombard	6.5
Overnight rate	5.55
One month	5.675
Three months	6.175
Six months	6.20

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One month	12.375
Three months	12.375
Six months	12.4375

JAPAN

Discount rate	5.0
Call (unconditional)	6.15625
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	3½-3⅞
Three months	4⅛-4⅜

NETHERLANDS

Discount rate	5
Overnight rate	5⅝-5⅞
One month	5⅞-6
Three months	6⅛-6⅜
Six months	6⅛-6¼

$ CERTIFICATES OF DEPOSIT

One month	9.35-9.45
Three months	9.45-9.55
Six months	9.65-9.75
One year	9.65-9.75

LONG TERM EURO $

Two years	11-11⅛
Three years	11⅛-11½
Four years	11½-11⅞
Five years	11⅞-12⅛

SDR LINKED DEPOSITS

One month	9½-9⅞
Three months	9⅜-9⅝
Six months	9⅞-9⅛
One year	9⅜-9⅞

ECU LINKED DEPOSITS

One month	9⅛-9[11/16]
Three months	9⅞-9¾
Six months	9⅛-9⅜
One year	9½-9⅞

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 2 1983. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., EMEA London
Eurodollar Libor as of November 2 at 11.00 am
3 months: 9[13/16]. 2 months: 9⅝.

SDR1=$US1.06185
Sibor as of November 2 at 11.00 am
3 months: 9[13/16]. 6 months: 9⅞.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.50
Albania	Lek	2.8082
Algeria	Dinar	4.8833
Andorra	Fr. Franc	8.0685
	Sp. Peseta	153.53
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	16.807
Australia	Dollar	1.0956
Austria	Schilling	18.65
Azores	Port. Escudo	125.95
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Is.	Sp. Peseta	153.53
Bangladesh	Taka	24.90
Barbados	Dollar	2.0113
Belgium	Franc (C)	53.852
	Franc (F)	54.56
Belize	Dollar	2.00
Benin	C.F.A. Franc	403.425
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	10.5157
Bolivia	Peso	198.00
Botswana	Pula	1.123
Brazil	Cruzeiro	840.00
Brunei	Dollar	2.156
Bulgaria	Lev	0.985
Burma	Kyat	8.0600
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	403.422
Canada	Dollar	1.2327
Canary Is.	Sp. Peseta	153.53
Cape Verde Is.	Escudo	72.6744
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	403.425
Chad	C.F.A. Franc	403.425
Chile	Peso (O)	84.19
China	Renminbi Yuan	1.989
Colombia	Peso (O)	85.13
Comoros	C.F.A. Franc	403.425
Congo (P'ple Rep. of)	C.F.A. Franc	403.423
Costa Rica	Colon (O)	41.50
	Colon Free Float	42.35
Cuba	Peso	0.8704
Cyprus	Pound*	1.8413
Czechoslovakia	Koruna (O)	6.48
Denmark	Krone	9.551
Djibouti Rp. of	Franc	177.72
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	51.56
	Sucre (F)	82.70
Egypt	Pound* (O)	1.4286
	Pound*	1.2166
El Salvador	Colon	2.50
Eq'l Guinea	Ekuele	307.06
Ethiopia	Birr (O)	2.056
Faeroe Is.	Dan. Krone	9.551
Falkland Is.	Pound*	1.4836
Fiji	Dollar	1.0341
Finland	Markka	5.703
France	Franc	8.0685
Fr. C'ty in Af.	C.F.A. Franc	403.426
Fr. Guiana	Franc	8.0685
Fr. Pac. Is.	C.F.P. Franc	146.70
Gabon	C.F.A. Franc	403.426
Gambia	Dalasi	2.5966
Germany (E)	Ostmark (O)	2.661
Germany (W)	Mark	2.661
Ghana	Cedi (3)	30.00
Gibraltar	Pound*	1.4836
Greece	Drachma	94.80
Greenland	Dan. Krone	9.551

COUNTRY	CURRENCY	VALUE OF DOLLAR
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.0685
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	41.6856
Guinea Rep.	Syli	23.3868
Guyana	Dollar	3.0192
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.805
Hungary	Forint	44.51
Iceland	Krona	28.40
India	Rupee	10.2157
Indonesia	Rupiah	985.50
Iran	Rial (O)	87.445
Iraq	Dinar	0.3093
Irish Rep	Punt*	1.1788
Israel	Shekel (1)	82.80
Italy	Lira	1609.00
Ivory Coast	C.F.A. Franc	403.425
Jamaica	Dollar (o)	1.7834
	Dollar (f)	2.94
Japan	Yen	234.55
Jordan	Dinar	0.3666
Kampuchea	Riel	n.a.
Kenya	Shilling	13.3183
Kiribati	Aust. Dollar	1.0956
Korea (Nth)	Won	0.94
Korea (Sth)	Won	789.70
Kuwait	Dinar	0.2918
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	5.08
Lesotho	Loti	1.1733
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.1548
Luxembourg	Lux Franc	53.882
Macao	Pataca	8.1132
Madagascar D. R.	Franc	427.50
Madeira	Port. Escudo	125.95
Malawi	Kwacha	1.2862
Malaysia	Ringgit	2.347
Maldive Is.	Rufiyaa (O)	5.93
	Rufiyaa (M)	7.08
Mali Rp.	Franc	806.85
Malta	Pound*	2.2735
Martinique	Franc	8.0685
Mauritania	Ouguiya	53.95
Mauritius	Rupee	11.3686
Mexico	Peso (Free)	153.33
	Peso (cont'd)	135.13
Miquelon	Fr. Franc	8.0685
Monaco	Fr. Franc	8.0685
Mongolia	Tugrik (O)	3.3553
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	7.8564
Mozambique	Metica	41.067
Namibia	S.A. Rand	1.1733
Nauru Is.	Aust. Dollar	1.0956
Nepal	Rupee	14.30
Netherlands	Guilder	2.971
NethAnt'les	Guilder	1.80
New Zealand	Dollar	1.5156
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	403.425
Nigeria	Naira (O)	0.7407
Norway	Krone	7.411
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	13.2378
Panama	Balboa	1.00
Papua N.G.	Kina	0.8527
Paraguay	Guarani (o) (2)	126.00
	Guarani (m) (2)	160.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Peru	Sol	2118.79
Philippines	Peso (4)	14.008
Pitcairn Is.	N.Z. Dollar	1.5156
Poland	Zloty (O)	95.49
Portugal	Escudo	125.26
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion, Ile de la	Fr. Franc	8.0685
Romania	Leu (O)	4.47
Rwanda	Franc (8)	97.3074
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.4836
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	8.0685
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	1.6078
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1609.00
Sao Tome & Principe DR	Dobra	39.2353
Saudi Arabia	Riyal	3.48
Senegal	C.F.A. Franc	403.425
Seychelles	Rupee	6.864
Sierra Leone	Leone	2.525
Singapore	Dollar	2.136
Solomon Is.	Dollar	1.1995
Somali Rep.	Shilling	15.6521
South Africa	Rand	1.1733
Spain	Peseta	153.53
Span. Ports in N. Africa	Sp. Peseta	156.56
Sri Lanka	Rupee	24.50
Sudan Rep.	Pound*	0.7692
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.1733
Sweden	Krona	7.861
Switzerland	Franc	2.1548
Syria	Pound	3.925
Taiwan	Dollar (O)	40.15
Tanzania	Shilling	12.15
Thailand	Baht	22.99
Togo Rep.	C.F.A. Franc	403.425
Tonga Is.	Pa'anga	1.0956
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7076
Turkey	Lira	250.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.0956
Uganda	Shilling (1st)	139.27
	Shilling (2nd)	317.44
Utd. A'b. Emir.	Dirham	3.673
Utd. Kingdom	Pound Sterling*	1.4839
Upper Volta	C.F.A. Franc	403.425
Uruguay	Peso	37.56
U.S.S.R.	Rouble	0.765
Vanuatu	Vatu	100.614
	Aust. Dollar	1.0956
Vatican	Lira	1609.00
Venezuela	Bolivar (5)	3.13
	Bolivar (6)	2.93
	Bolivar (7)	12.46
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.605
Yemen PDR	Dinar	0.3453
Yugoslavia	Dinar	117.589
Zaire Rp.	Zaire	26.7475
Zambia	Kwacha	1.2137
Zimbabwe	Dollar	1.0752

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Israel: Devalued approximately 23 per cent October 11. (2) Paraguay operates a two tier system, o=imports, exports and government transactions, m=all other transactions. (3) Ghana: Central Bank announced devaluation of approximately 90.8 per cent effective October 11. (4) Philippines Peso now floating from October 5. (5) Venezuela: Three tier system has developed. This rate is for all essential imports. (6) Venezuela: Non essential import rate. (7) Venezuela: Floating rate for tourists. (8) Rwanda: Franc now linked to the SDR at rate 102.71.

For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 300 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	94⅛	94⅝	+0⅛	0	11.47
Bank of Tokyo 11 90	100	95½	96	+0⅛	0	11.95
British Col Hyd 10¼ 93	200	97½	98	+0⅛	+0¼	10.89
Britoil Fin 11⅞ 90	125	100	100½	-0⅛	-0⅛	11.81
C.C.C.E. 11¾ 97	100	93⅝	94⅛	-0⅛	-0⅜	12.69
C.C.C.E. 12⅝ 95	75	99	99½	-0⅛	-0⅛	12.74
Can Imp Bk Com 11 90	75	92⅞	93⅜	0	+0¼	12.51
Citicorp O/S 10⅞ 90	100	93⅛	93⅝	0	+0½	11.86
Citicorp O/S 11¾ 90	100	97⅝	98½	0	+0⅛	12.21
Coca Cola Int 9⅞ 92	100	91⅞	92⅜	0	0	11.32
Cred Suisse BAH 10⅛ 90	150	95⅜	95⅝	+0⅛	+0¼	10.76
Den Norsk Cred 11¼ 93	50	93½	93⅝	-0⅛	-0¼	12.44
Du Pont 11¼ 95	150	99	99½	-0⅛	-0⅛	11.36
E.C.S.C. 11⅛ 90	75	99⅝	100⅛	-0⅛	0	11.87
E.D.C. 11¾ 87	100	100¾	101¼	0	+0¼	11.42
E.D.F. 11⅛ 88	100	93	93½	0	+0⅛	12.34
E.E.C. 11 87	350	98½	99	-0⅛	-0⅛	11.39
E.I.B. 10¾ 93	200	92⅝	93⅛	-0⅛	-0⅜	12.86
E.I.B. 11 91	125	95⅝	95⅞	-0⅛	0	11.90
E.I.B. 11⅞ 93	150	98⅛	98⅝	+0⅛	+0⅛	12.16
Electrolux 10½ 90	50	91⅝	92⅛	0	+0⅜	12.31
Esserch Fin 11⅝ 88	100	98⅛	98⅝	+0⅛	+0⅛	12.24
Fuji Int Fin 10⅞ 90	100	93½	94	-0⅛	-0⅛	12.23
Gen Elec Credit 9¾ 91	100	91⅞	92⅛	0	0	11.34
GMAC O/S Fin 10⅛ 90	200	97⅛	97⅝	0	-0⅛	11.88
GMAC O/S Fin 11⅜ 90	100	98⅛	98⅝	+0⅛	+0⅛	11.47
Honeywell Int 10¾ 90	100	97⅝	98⅛	0	+0½	11.17
Indust Bk Japan 10⅞ 88	100	97¼	97¾	-0⅛	+0⅛	11.58
Japan Air Lines 10⅞ 88	42	92⅞	93⅜	0	+0⅜	11.87
Japan Air Lines 11 93	75	98½	99	-0⅛	+0⅛	11.73
J.C. Penny 11⅞ 90	100	100⅝	101⅛	+0⅛	+0⅜	11.73
J. P. Morgan 11⅜ 90 WW	150	97⅝	98⅜	0	-0½	11.77
Levi Strauss Int 11 90	75	96⅝	97⅛	0	-0⅛	11.91
L.T.C.B. 10¾ 90	100	93¾	94¼	0	+0⅜	12.09
L.T.C.B. 12½ 90	85	102⅛	102⅝	0	-0⅜	11.95
Merrill Lynch 10⅝ 90	200	94⅝	95⅛	0	0	11.76
Mitsubishi Corp 10½ 90	100	94⅛	94⅝	+0⅛	0	11.75
Mitsubishi Fin 11⅜ 90	100	96⅜	96⅞	0	+0⅜	12.11
Nippon Credit 11 90	100	94⅝	95⅛	-0⅛	0	12.15
O.K.B. 10 91	100	90⅞	91⅜	-0⅛	-0⅛	11.94
Ontario Hydro 10¼ 98	250	94⅛	94⅝	0	0	11.49
Ontario Hydro 11¼ 90	200	100½	101	0	+0⅛	11.87
Pacific Gas & Elec 12 01	75	102	102½	0	+0½	11.55
Prudential O/S 10⅝ 93	100	95⅛	95⅝	-0⅛	+0⅛	11.24
Prudential O/S 12¾ 87	150	104⅝	105⅛	0	+0⅜	11.15
Saskatchewan Pr 10¾ 90	125	96¾	97¼	0	0	11.41
Sears O/S Fin 11⅝ 93	150	98⅛	98⅝	-0⅛	+0⅛	11.88
S.N.C.F. 11⅛ 88	100	97⅜	97⅞	0	+0¼	11.85
Sth Cal Edison 10⅛ 90	75	96¾	97¼	0	0	11.14
Sumitomo Fin 10⅛ 90	100	94⅛	94⅝	0	-0⅛	12.13
Texaco Capital 9¾ 90	150	92⅞	93⅜	0	0	11.36
U.B.S. 10 90	100	98⅜	98⅞	-0⅛	0	10.36
U.B.S. 11 89	150	100¾	101¼	-0⅛	-0½	10.76
World Bank 10⅝ 88	150	96⅝	97⅛	0	-0⅛	11.10
World Bank 11¼ 88	100	99⅛	99⅝	0	-0⅛	11.48
World Bank 11½ 90	150	98⅝	99⅛	0	+0¼	11.72
World Bank 12 93	200	100	100½	0	0	11.94

Av. price changes: on day 0, on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅜ 93	100	100⅛	100⅝	-0⅛	-0⅛	7.29
A.S.A.S. 8⅛ 88	100	99½	100	-0⅛	-0⅜	8.38
Arab Banking Corp 8 93	100	97⅛	97⅝	0	-0⅛	8.67
Austria, Rep 7⅝ 89	100	99⅝	100⅛	0	0	7.64
Austria, Rep 8 93	100	101	101½	0	-0¼	7.80
Avon Int Fin 7½ 88	100	100⅞	101⅜	+0⅛	+0⅜	7.32
Beatrice Foods 7¾ 93	130	103⅝	104⅜	0	0	7.17
B.F.C.E. 8¼ 90	150	101	101¾	+0⅛	0	7.86
Comp Tel Nac Esp 8¼ 93	100	96⅝	97⅛	-0¼	-0⅜	8.76
Dresdner Finance 4 90 WW	250	100¼	100¾	-0⅛	+0½	2.51
Dresdner Finance 4 90 XW	250	83⅝	84⅜	+0⅛	+0⅛	7.87
E.C.S.C. 8 90	100	101	101½	+0⅛	-0½	7.74
E.E.C. 8¼ 93	250	101¼	101¾	0	0	8.01
E.I.B. 8 93	200	99⅝	100⅛	+0⅛	0	8.01
Eurofima 7½ 90	100	102⅛	102⅝	+0⅛	+1⅜	7.03
Finland Rep 7½ 88	150	100	100½	+0½	+1	7.41
Int Standard Ele 7¾ 93	100	102⅞	103⅜	0	+1⅛	7.28
Ireland 8⅝ 91	150	100⅞	101⅜	+0⅜	+0¼	8.42
Japan Dev Bank 7⅛ 90	100	101¼	101⅝	0	+0½	7.22
Kobe City 7 93	120	97	97½	0	0	7.38
L.T.C.B. 8 90	100	102¼	102¾	+0½	0	7.50
Rexnork Acceptance 8 90	150	98⅛	98⅝	+0⅛	+0⅛	8.28
S.D.R. France 7⅞ 93	100	97¼	97¾	0	0	8.25
Sth African Tran 8⅛ 90	100	99⅛	99⅝	0	+0½	8.36
World Bank 7⅛ 90	250	98	98½	0	0	7.94
World Bank 7¾ 89	300	100⅝	101⅛	0	+0⅜	7.69

Av. price changes: on day 0, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100	101¾	102	-0⅛	-0⅛	5.69
Bergen, City of 5¾ 90	40	99½	100	0	+0⅛	5.78
Denmark 6⅛ 91	100	102	102¼	-0⅛	+0½	6.01
E.D.C. 5⅜ 91	100	99½	100	-1	-0⅜	5.41
E.D.C. 6 92	100	101	101½	0	+0½	5.83
Europarat 6⅛ 93	100	99½	99¾	+0⅜	0	6.31
Ex-Im Bk Japan 5⅝ 91	100	99	99¼	-0⅜	-0½	5.76
Ind Fund Finland 6⅛ 91	40	101	101¼	-0⅛	+0¼	6.06
Int-Am Dev Bk 6 93	100	97⅛	97⅜	0	-0⅜	6.39
Int-Am Dev Bk 6⅛ 93	100	99½	99¾	-0⅜	0	6.17
Japan Dev Bank 5⅞ 93	100	101½	101¾	-0¼	-0½	5.65
Kansai Ele Power 6 91	100	101	101¼	-0⅛	-0½	5.81
Kawasaki Steel 6⅛ 91	100	100½	100¾	-0½	-0¼	6.01
Manitoba Prov 5⅛ 93	100	100⅝	100⅞	-0¼	0	5.43
Montreal Urban 5¾ 93	100	101	101¼	-0⅜	0	5.60
Mount Isa Finance 6 93	100	102¼	102½	+0½	0	5.67
NTG Bk Denmark 6¼ 91	85	97	97¼	+0⅜	+0⅜	6.73
New Brunswick 5¾ 93	100	101½	101¾	+0⅛	+0⅛	5.53
Nisshin Steel 6¼ 91	100	99¾	100	-0⅛	0	6.25
Osterr Draukraft 6 93	100	102½	102¾	+0⅜	+0½	5.63
Osterr Post 6⅛ 91	100	102	102½	-1	-0⅜	5.75
Sumitomo Heavy Ind 6 91	100	99¼	100	-0⅛	-0¼	6.02
Sumitomo Metal Ind 6 91	100	100	100½	-0⅛	0	5.97
Tokyo Elec Power 5⅞ 91	100	101	101¼	-0½	-0½	5.69
Trizec Corp 6⅛ 93	100	94⅛	94½	-0⅛	-2⅜	6.35
World Bank 5⅝ 93	100	98¾	99	+7⅝	+0¼	5.70

Av. price changes: on day +⅛, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105	105½	0	0	7.79
E.I.B. 8¼ 92	15	102½	103½	0	0	7.73
Japan Airlines 7⅞ 87	9†	101½	102½	0	-0⅛	7.15
New Zealand 7⅞ 89	15	102¼	102¾	0	+0½	7.06
World Bank 8⅜ 92	20	103¾	104½	0	+0⅛	7.68

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 CS	75†	99⅛	99⅝	+0⅜	-0⅛	12.22
Norcen 12¾ 93 CS	60†	96¾	97¼	+0⅛	+0⅛	13.29
TD MTG Corp 12½ 88 CS	40†	100⅛	100⅝	+0⅛	0	12.38
Quebec Hydro 12¾ 93 CS	50†	100⅝	101⅛	+0¼	+0½	12.58
Royal Trstco 12⅝ 88 CS	50†	100¼	100¾	+0¼	+0⅜	12.48
World Bank 12¼ 90 CS	75†	100½	101	+0⅜	+0⅜	12.08
Xerox Canada 12 88 CS	40†	102¼	102¾	+0⅜	+1⅛	11.31
E.E.C. 11¼ 93 ECU	70†	100¼	101¼	+0¼	+0⅜	11.11
Genfinance 11 90 ECU	60	98⅜	99⅛	0	0	11.26
Algemene Bank 8¾ 88 Fl	150	100⅛	101	0	0	8.54
Bank Mees & Hope 8 88 Fl	75	100⅛	101⅜	0	-0⅜	8.70
Elect Sup Brd 8¾ 88 Fl	75	97⅛	98	-0⅛	-0⅜	9.35
P.H.P. 8¾ 90 Fl	50	100	100½	+0⅛	-0⅛	8.67
Swed Exp Cred 7¾ 88 Fl	100	96	96½	-0⅛	-0⅛	8.79
World Bank 9 93 Fl	100	102⅜	102⅞	+0⅛	+0¼	8.38
O.K.B. 14 98 FF	400	100⅝	101⅛	0	+0½	13.38
Solvay & Cie 14¾ 89 FF	200	101⅝	102⅛	0	+0¼	13.53
B.F.C.E. 11⅛ 88 £	50	99¼	99¾	0	+0½	11.56
British Oxyg 11¾ 91 £	90	100⅛	100⅝	+0⅛	-0⅛	11.61
CEPME 11⅛ 90 £	35	99¼	100¼	0	+0¼	11.27
CIBA-Geigy Int 8¾ 93 £	25	97⅛	98⅛	-0⅛	+0⅜	7.88
E.E.C. 11⅞ 91 £	90	100⅝	101⅜	0	+0¼	11.84
E.E.C. 11⅞ 93 £	50	100⅜	101⅛	-0⅛	+0⅛	11.69
Fin Fac Ind 10⅛ 90 £	20	84⅝	85⅝	0	+0⅛	11.68
Finland Rep 11⅞ 90 £	50	99⅞	100⅝	0	+0⅛	11.78
Fin Mat Grenj 12⅜ 88 £	30	103⅜	104⅜	+0⅜	+1⅛	11.83
Gen Elec Co 12⅛ 89 £	50	103⅝	104⅛	+0¼	+0½	11.51
I.I.I. 10¾ 88 £	25	94⅛	95⅛	0	+0⅜	11.94
Mort Bk Fin 11¾ 89 £	15	97⅛	98⅛	0	+0⅛	12.32
Norsk Hydro 12 90 £	30	102⅛	102⅞	0	+0½	11.39
Sweden 11¼ 93 £	50	97⅜	98⅛	+0⅛	+0⅜	11.58
Swed Exp Cred 11¼ 90 £	30	97⅜	98⅛	0	+0⅜	11.72
World Bank 11⅛ 88 £	100	98⅛	99	0	+0¼	11.49
Euratom 11 93 LuxFr	500	102¼	103¼	+0¼	+0⅛	10.58
Europarat 10¾ 93 LuxFr	600	102⅜	103⅜	0	0	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5⅛ 88	0¼	99⅝	100	20/1	10.10	10.10
Caisse Nat Tele 5¼ 90	0¼	99½	99¾	21/4	10	10.04
C.C.F. 5¼ 95	0¼	99½	99¾	7/4	9.94	9.97
C.C.F. 5¼ 88	0¼	99⅞	100⅛	24/3	10.19	10.19
Cepme 5¼ 88 WW	0¼	99⅝	100¼	3/12	10.69	10.56
Cepme 5¼ 92	0¼	99⅛	100½	10/12	10⅛	10.50
Chemical NY 5¼ 94 ††	0¼	100⅛	100⅝	23/12	10	9.94
C.O.C.A. 5¼ 95 XW	0¼	99½	99¾	7/12	10	10.04
C.N.T. 5¼ 91	0¼	99½	99⅞	9/11	9⅛	9.28
Credit Agricole 5¼ 97	0¼	99⅝	99⅞	24/3	10.31	10.34
Credit Foncier 5¼ 93	0¼	99⅝	99⅞	9/4	10	10.03
Credit Lyonnais 5¼ 94	0¼	99⅝	99⅞	5/1	10.31	10.34
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/4	10	10.03
Credit Nat 5½ 94	0¼	99½	100	9/3	10⅛	10.78
Donnpark Nat 5¼ 90	0¼	99⅝	99⅞	13/4	10	10.05
Dresdner Fin 5½ 93 WW †	0¼	107⅛	107⅝	19/4	9.94	9.24
Dresdner Fin 5¼ 93 XW	0¼	100⅛	100⅝	19/4	9.94	9.90
E.D.F. 5¼ 95 XW	0¼	100	100¼	18/2	11⅛	11.36
E.E.C. 5 90	0⅛	100	100¼	5/1	10.19	10.17
Hispano 5¼ 85	0¼	98½	98¾	29/4	10	10.14
NZ Steel Dev 5¼ 92	0¼	100	100½	22/12	10¼	10.22
Nippon Credit 5¼ 90	0⅛	100⅛	100⅝	10/2	11⅛	11.19
Soc Générale 5¼ 90 XW	0¼	99½	99¾	9/11	9⅛	9.19
Société Générale 5¼ 95	0¼	99⅝	100⅛	1/3	10.31	10.31
Sweden 5¼ 90	0⅛	100	100¼	25/2	10.10	10.15
Swedno 5¼ 93	0¼	100⅛	100⅝	9/2	11.19	11.13

Av. price changes on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	123	124½	+0⅜	0.87
Canon 7 87	7/82	748.2	216¼	218¼	6⅛	15.62
Daiwa Sec Co 5½ 98	10/83	508	97⅛	98⅝	0	3.61
Hitachi Cable 5⅛ 90	2/82	915	107	108½	+0⅜	9.39
Honda Motor 5¼ 98	6/83	804	118⅛	119⅛	+0⅜	0.85
Honda Motor 5½ 97	3/83	759.6	138	139½	+0⅛	0.19
Konishiroku Photo 4 90	10/83	673	99½	100½	+0½	2.11
Kyowa Hakko 6¾ 97	2/83	762	109⅛	111⅛	0	9.81
Minebea Co Ltd. 5½ 98	5/83	667	114⅞	115⅜	+0½	3.64
Mitsubishi Electric 5¼ 98	6/83	396	111⅞	112⅜	+0⅜	3.24
Nippon Electric 5¼ 97	2/82	765.5	166	168	+1⅛	2.66
Nippon Oil Co 5½ 90	4/83	984	118⅛	119⅛	+1⅛	9.74
Nissan Motor 5⅜ 90	4/83	770	102⅞	103⅞	+0½	9.73
Olympus Optical 6¾ 97	12/82	1331	100⅝	102½	+0½	22.84
Orient Finance 5¼ 97	3/82	927.2	90½	98	+0⅛	10.75
Orient Leasing 5¼ 98	6/83	2688	94⅜	95⅞	-0⅜	5.01
Secom 6 98	11/83	2928	127⅝	129½	+0⅜	-1.06
Sumitomo Electric 5½ 97	3/82	577.3	122⅛	124⅜	+1⅜	4.00
Yamaichi Sec Co 5 98	6/83	472	90⅛	98⅛	0	3.45
Yamanouchi Pharm'cal 4 90	10/83	1008	96⅛	97⅛	+0⅜	6.32
NEC Corp 3½ 93 SF	6/83	978	138	140	0	-1.16
Settsu Paper 3⅝ 93 SF	9/83	716	101⅛	103⅞	-0⅜	10.29
Asics 5 92 DM	12/83	528	196½	197⅛	+0¼	11.43
Konishiroku 6⅛ 88 DM	8/82	619	120	121	0	-0.46
Sun Realty 6¼ 92 DM	2/83	365	122⅛	123⅞	0	-4.15

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week—Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date—Date next coupon becomes effective. Spread—Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn.—current coupon. Cr. yld—current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day—Change on day. Cnv. date—First date for conversion into shares. Cnv. price—Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem—Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tunisians award mandate for $120m loan deal

BY MARGARET HUGHES IN LONDON

THE LONG awaited mandate for the $120m loan package for Tunisia is understood to have been awarded to a group of four banks comprising Banque Arabe et Internationale d'Investissement (BAII), Bankers Trust, Société Générale and Crédit Commerciale de France. As expected the package will be split equally between an 8-year Euromarket loan and a floating rate note.

The margin on the $60m loan will be ½ per cent over Libor (London Interbank Offered Rate) for the first six years followed by a margin of ⅝ per cent over the last two years. The front-end fee will be ½ per cent. These terms compare with a margin of ½ per cent throughout the term of the last loan of $100m raised by Tunisia in the Euromarket last winter.

The credit which is being raised for Compagnie Financiere Immobiliere et Touristique (Cofit) is guaranteed by the Tunisian Government. The four chosen banks will be coordinating both the loan and the FRN. BAII will be acting as agents for the loan portion but the other responsibilities have still to be decided.

With Tunisia a rare name in the Euromarkets the mandate has been keenly contested with as many as 12 bank groups reportedly competing.

Given the length of time which it has taken for the Tunisians to award the mandate for this package, which was first mooted in September, there have been fears that it may be overshadowed by the Algerian jumbo loan. The mandate for this loan, which was expected to have been awarded early this week, is now expected over the weekend.

Such has been the positive response from the competing banks that Algeria is believed to be negotiating finer terms to extend the ½ per cent margin over a longer period than six years. Last week, the best bid was believed to be offering ½ per cent over the first six years rising to ⅝ per cent only over the last two years.

Meanwhile the agreement in principle reached last August between Poland and its Western creditor banks on the rescheduling of debt falling due this year was formally signed yesterday in Luxembourg. The agreement allows for the rescheduling of 95 per cent of the principal amounting to $1.1bn, over ten years with a five years grace period, the remaining 5 per cent to be paid on January 16, 1984.

The unpaid interest due this year will be paid as four instalments this year, the first falling due on November 10.

In return the banks will be extending $200m to Poland as short-term revolving trade credits over five years.

BHF Bank bond average		
Nov 3		Previous
98.740		98.749
High	1983	Low
102.017		97.699

Heavy oversubscription for World Bank bond

BY MARY ANN SIEGHART IN LONDON

THE WORLD BANK's £100m bulldog bond issue has been more than eight times oversubscribed, lead-manager Baring Brothers said yesterday. Applications worth £960m were received for the bonds, which were priced on Wednesday to yield 11.54 per cent on a semi-annual basis.

In the dollar sector, light trading concentrated on the floating rate note market. Sweden's $1bn jumbo deal for instance, was holding up well at a 0.40 per cent discount.

Banque de Developement Economique de Tunisie announced that it would issue a $60m, seven-year floating rate note as part of the $120m loan package to Tunisia. The note will pay ¼ point over the six-month London interbank offered rate at par and is led by Crédit Commercial de France, Bankers Trust, BAII and Société Générale. The total front-end fees are thought to be just over 2 per cent.

Turnover in the dollar secondary market was very low, while in Switzerland and Germany it was up slightly. Prices closed unchanged in all three markets.

WEEKLY U.S. BOND YIELDS (%)

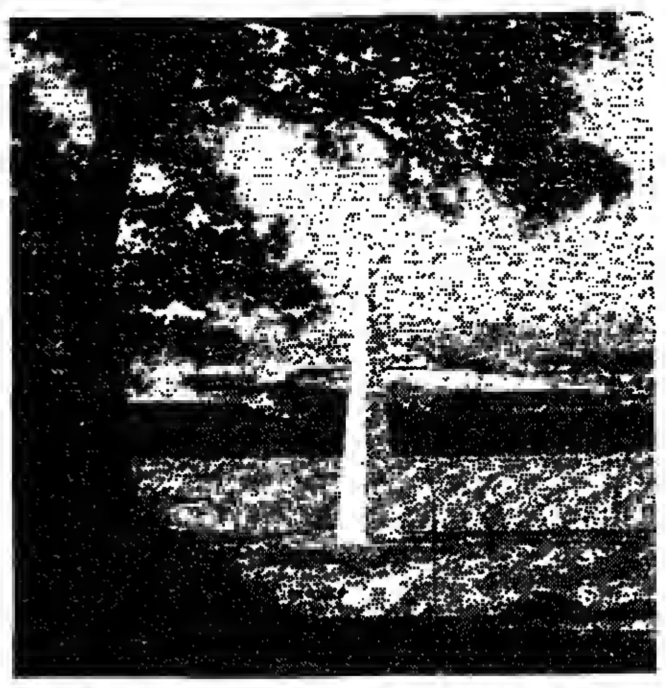
	Nov 2	Oct 26	1983 High	1983 Low
Composite Corp. AAA	12.06	12.12	12.59	10.82
Composite Corp. AA	12.20	12.20	12.83	10.75
Government:				
Long-term	11.60	11.56	11.99	10.15
Intermediate	11.37	11.41	12.03	9.83
Short-term	10.67	10.60	11.26	9.21
Municipal	9.78	9.79	9.96	8.72
Industrials AAA	11.80	11.84	12.38	10.51
Industrials AA	12.03	12.12	12.62	10.72
Utilities AAA	12.31	12.38	12.81	10.73
Utilities AA	12.38	12.44	13.05	10.85
Preferred Stocks	10.88	10.90	11.41	10.59

Source: Standard & Poor's

SECTION IV

FINANCIAL TIMES SURVEY

Industrial Property



A trihedral spire in white precast concrete signposts the approach to the Stafford Park industrial area and enterprise zone at Telford, Shropshire

High technology industry could offer important new opportunities for developers, while in the London area the opening of the M25 shortly will also bring a new stimulus. Too much older property is still overhanging the market generally, however, much of which may never be brought back into use again

Vacant space starts to drop

BY WILLIAM COCHRANE

IN HIS book "The Third Wave,"* describing the new technological revolution, author Alvin Toffler speculates on a return to cottage industry on a new and higher electronic basis. "Our biggest factories and office towers may, within our lifetimes, stand half empty, reduced to use as ghostly warehouses or converted into living space," he suggests.

However, Mr Toffler also talks about today, or today as it was when the book was published in 1980. "One of the most advanced manufacturing facilities in the world," so he was told, was a Hewlett-Packard factory at Colorado Springs in the U.S. The facility turned out \$100m worth a year of electronic apparatus and employed 1,700 people.

It might be over optimistic to suppose that the new wave holds out similar prospects for UK industry. In their 1982 report "Property and Technology — the needs of modern industry," London agents Herring Son & Daw said that the U.S. and Japan already dominated most sectors of the electronic components and applications market and that Britain was unlikely to catch up, except in certain specialist sectors.

But the attempt has to be made and indeed is being made. Technological revolution is not confined to the electronics industry. The new Surrey Research Park development team reckons that biotechnology, drugs and toxicology are the major strength of the University of Surrey's research base at Guildford, followed by electronics — satellite communications technology — and engineering in the form of robotics, space structures and stress analysis.

Professor Desmond Smith, Dean of the Faculty of Science at Heriot Watt University on the outskirts of Edinburgh (and chairman of the fast-expanding Edinburgh Instruments), talks about little more than a handful of academic entrepreneurs in the UK. But at least this is a handful of hope.

In this context it is possible to be less cynical, and less shallow, about the political initiatives and marketing themes which have dominated the industrial property scene over the past year.

A year ago it looked as if government, with its penchant for smaller and smaller premises — it reduced the 100 per cent industrial buildings allowance qualifying space from 2,500 sq ft to 1,250 sq ft — was majoring in a sort of small firm idealism. However, recent pronouncements from the DoE and Environment Secretary Patrick Jenkin have emphasised the need to court the high technology industries, whether they are UK-based or overseas companies setting down facilities in this country.

Technology

"We must be careful not to impose on high technology industries the same kind of detailed controls which are imposed upon traditional industries," said Mr Jenkin last September. "Understanding and flexibility are crucial."

He followed this almost immediately with a draft circular to local authorities calling for prompt and efficient decisions on planning applications for industrial development. "Authorities should not attempt to compel a developer to take a site unattractive to him by denying him the one site which he prefers, if that site is not open to any significant planning objection," it remarked.

Local authorities are worried that the DoE's flexibility may go too far in the promotion of quasi-office space which could be translated into the real thing—pricing land out of the industrial bracket.

There is a lot of support in the property industry for a separate use class for property which does not fall clearly into the industrial or office brackets. Herring Son & Daw this year recommended a change in the Use Classes Order so that an effective planning consent could be given for a building which had no dominant use but was "a combination of office, research and development, light industrial and warehouse uses."

But a number of property professionals, like the DoE itself, are prepared to wait and see. Wallace Mackenzie, managing director of Britain's biggest industrial property company, Slough Estates, thinks that the effectiveness of the Minister's call for flexibility will depend on how local authorities respond. "I have a suspicion that they will respond quite well," he says, "and that the Government initiative might be as good as a change in use classes."

Meanwhile it is quite remarkable, in its way, that an industry which has always concentrated on selling the right product in the right place to the right customer at the right price should suddenly be talking about marketing as if it had just been discovered.

Funding prospects bring out the buzz words like science parks, "high-tech," business parks and so on but the overriding need which the industrial agents seem to have perceived is the need to dispose of property already on the books.

King & Co's last survey of vacant industrial floorspace in England and Wales showed a fall for the first time since 1979, from a peak of 177.6m sq ft in mid-April to 169.5m sq ft in mid-August. Senior partner Douglas King estimated in September that some 20 to 25 per cent of the available space was not economically justified and ought to be demolished.

Other factors in the reduction of space have been a slower rate of building and some small improvement in demand. This has yet to be translated into effective rental growth. Healey & Baker's Industrial Guide Nationwide 1983, published in August, showed rental growth for their sample of 8.7 per cent compound for the six years to June 1983 against a 10½ per cent annual compound rise in the retail price index; for the latest 12 months the figures were only 1.1 per cent and 5.4 per cent respectively.

Flexibility

There are bright spots. "Changing market demand confirms that there is a shortage of high office content business units," said H & B, "and we anticipate considerable above-average rental growth in this sector over the next two-three years." The firm also noted that overseas companies continue to play a very important part in the new letting market.

There have been positive noises too in the corporate market. Trust Securities's abortive move for Percy Bilton might have been viewed as a piece of opportunism, an attempt to parley a (then) premium share price valuation into a larger company's undervalued assets.

However, the Slough Estates approach to Allnott last month looked a more conventional move by a large, well-heeled company into a smaller one with good locations but not enough muscle to get the best out of them. This sort of move can be made any time but it is generally made when there are prospects for the underlying market commodity. In other words, on this evidence industrial property has a future.

Slough's future is already being tinkered with, in theory, by the impending opening of London's Orbital M25 motorway in 1986—seen by Wallace Mackenzie as the most important event in the industrial property sector for many years.

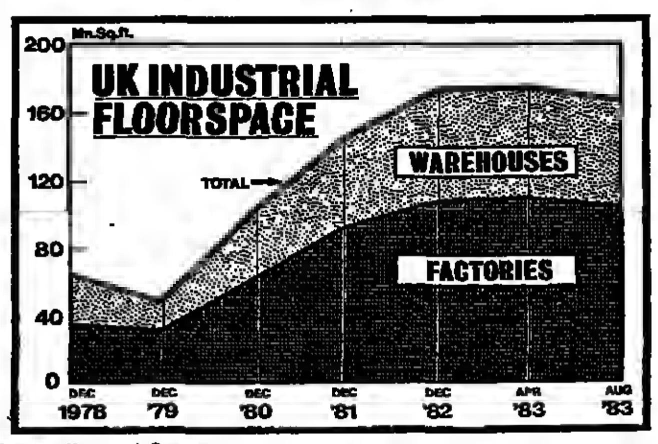
There are thoughts that the M25 will bring a levelling of rental differentials all round its perimeter and that Slough, for example, could see less growth because of it. If this were the case, one wonders, what would the prospects be for Swindon or Bristol?

Mr Mackenzie does not see the M25 as detrimental to the prospects of M4 locations. He sees an expansion of the market, in that South London locations like Crawley will come closer in terms of relative merit to Barnet or Waltham Cross in the north. He sees Slough having convenient access to the Channel ports, Kent and Essex similarly placed in relation to Heathrow and the West.

It might, too, marginally influence investment decisions made north of London—Cambridge on the M11, up to Peterborough on the A1, and Luton just off the M1—so the old north/south division between relative poverty and prosperity stays with us.

Overall, the impression is that the industrial market is finding things to get its teeth into—problems as well as opportunities—after three or four years of recession and increasing gloom. The acceptance that some so-called properties have no real value at all may be the best thing that has happened to the sector.

* Published by William Collins, Sons and Co. Price: £8.95 net.



Source: King and Company.

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Pressure to revise Use Classes Order

Planning

WILLIAM COCHRANE

THE GOVERNMENT has been under pressure for the past 18 months or so to revise the Town and Country Planning (Use Classes) Order 1972. It has decided not to oblige, but the pressure is likely to continue.

The most common clauses in the present order, releting to commercial property, are I to IV—covering shops, offices, light and general industrial respectively—and Class X for warehouses. The most common complaint is that "high tech," a major government preoccupation in its plans for industrial regeneration, does not fall neatly into one category.

In September, Environment Secretary Patrick Jenkin epparently by-passed the call for change by issuing a draft circular to local authorities, urging them to be more flexible in their approach to industrial development and high technology enterprise in particular.

A DoE official subsequently clarified the position saying that the Government had not ruled out the possibility of changes to the 1972 Order but did not, at that moment, believe that the need for them had been demonstrated.

The Incorporated Society of Valuers and Auctioneers (ISVA) may have something to say on this score. It has a committee charged specifically with demonstrating the need for changes in the Use Order. But the committee will have to disperse an atmosphere of something approaching cynicism at government level.

The DoE notes that values tend to be governed by the way the Order operates. It says that planning permission for a factory will comprehend all ancillary uses; that there is no need for separate planning permission if an activity is genuinely ancillary to production; and that this is as true of high-tech as it is for other industrial categories.

It sees considerable advanages in flexibility of interpretation and expects problems in defining "high-tech"—with science parks on one technological border and mixed office and industrial developments on the other.

But valuers, and the funding institutions which they are trying to serve, are not the only proponents of change. Mr Brian Briscoe, deputy planning officer for Hertfordshire, says that the county went to the DoE with this idea a couple of years ago.

Mr Briscoe sets out the background: "In the mid-1970s this and other parts of the South East were under severe pressure due to the lack of skilled labour. We had high employment provided by defence and chemicals, and a lot of new industries which brought their expansion out of London in the 1950s, 1960s and even the early 1970s.

"More recently the climate has changed," he says. "A number of the 1950s and 1960s intake have gone to the wall, or are contracting, and we have spare industrial capacity in terms of both land and labour." He says that Hertfordshire can do without the spec empty shed. "What we want are activities to use our resources, and high tech is a good candidate for that."

Mr Briscoe sees classic examples in computer software or the use of computer hardware to make other things, where skill is one of the main components of added value. "We need to find ways of making our systems flexible enough to accommodate this sort of activity," he says. But he is worried that flexibility could be taken too far.

"The problem is not that planning professionals are standing in the way of economic development," says Mr Briscoe. "It is that the industrial building which could be translated into a conventional insurance office destroys the relationships between the relevant land values and undermines the opportunity of ectivities to go to industrial land as rents are bid np beyond them."

Hertfordshire has considered the alternative of defining high tech as a separate planning class. "I have some sympathy for the valuation angle," says Mr Briscoe. "The market needs it, especially with institutions so wary of funding up front."

Neither is the argument just about funding, et one end of the property chain, or about employment and the user at the other. High tech arguably narrows the economic and social gulfs between management and labour, with up to 50 per cent of a given workforce in the white collar and white coat categories.

SOME USE ORDER ODDITIES

IN STAYING with the existing Use Classes Order, the Government has said that it does not want to complicate matters. It might have added "further."

Activities covered by the 1972 Order, by their inclusion er exclusion, include: tripe shops; cats-meat shops; the boiling of linseed oil and the running of gum; production of "aliphatic esters of the lower fatty acids . . ."; breeding of maggots from putrescible animal matter.

There are 18 use classes, of which seven fall into the industrial category, with no fewer than 49 sub-classifications among them.

East Hampshire scores a local hit

UNTIL THE late 1970s, Bordon, Hampshire, appeared on maps as an army camp. However, the county council had already decided that it wanted more than the military as an economic base for the local population.

The town was not an obvious industrial or warehouse location. It was at least a dozen miles from the M3 and had little in the way of industrial estates within a seven-mile radius. But East Hampshire District Council had the gumption to make it work.

As a first step, the EHDC eppointed a small project team of an engineer, valner and accountant from its own senior officers. The team identified and acquired a 25-acre site early in 1978, using Community Act land powers; on the demise of this Act, the council took over the project, using ratepayers' funds.

Late in 1978, the team had brought in London agents King and Co for their acknowledged skills in the development, funding and letting of industrial property. Michael Pearce, an associate partners of the firm, admits that in the early stages he was not sanguine abont funding or letting prospects.

The council did not gain possession of the site until January 1979. It started infrastructure development in April 1980 and the contract for the first, speculative phase of 95,000 sq ft in units of 1,000 to 8,500 sq ft was awarded to Geoffrey Osborne of Chichester in January 1981, after a public competitive tender.

That phase was complete by the end of 1981. Then the council, and King and Co. faced their final test. The agents had managed to fund the first five-acre phase, involving about £2.5m, with the Liverpool Victoria Friendly Society at a time (late 1980) when recession was not as acute as it became a year or so later. Even then the funding process was not easy, says Mr Pearce.

By 1982, however, the recession was biting deep into the favoured sonth of England, which might have fancied itself recession-proof a year earlier. Vacant space on the market was rising, demand was shrinking, and the council, says King and Co., "felt distinctly exposed."

It still hed its theory of a spatial gap in the market. This was about all it had, since the property is described as institutional in agents' terminology which means pretty conventional to the layman.

The initial response was more enthusiastic than expected and in the first marketing flush nearly all the smallest units and some of the larger ones found takers. The last of the 30 units in the speculative phase went early this year. The development team has had its successes in e parallel scheme selling half-acre to 2-3 acre sites to companies for their own development and occupation.

Normally there are more brickbats than bouquets thrown at local authority planners, but the EHDC—and particularly its three-man project team—came up smelling of roses as far as the agents are concerned.

The scheme was well conceived, they say, and, in particular, had generous allocations of site for landscaping and parking around the buildings—generally creating an attractive working environment more commonly found in the U.S. than in England.

Institutional funds hold off

Enterprise zones

WILLIAM COCHRANE

"THERE IS much to suggest an urgent need for re-appraisal of government regional development policy. For some 30 years successive governments have been pursuing development policies aimed at improving the economic prospects of depressed regions. After considerable effort and expense these so called development regions contime to lag well behind and one is bound to conclude that conventional policies have failed."

Allan Campbell Fraser, chairman of Scotland's major independent development group DCI—Developments Commercial and Industrial (Holdings)—is no lover of enterprise zones. He is not alone in that. There is some evidence that the funding institutions have voted with their feet.

In their Year Two Report, Monitoring Enterprise Zones, for the Department of the Environment, urban and land economists Roger Tym and Partners note a certain lack of fervour among institutional investors for reasons summarised as follows:

(a) they look for a long-term secure asset with growth prospects; most of the EZs are not in the prime locations where the funds expect to find such assets;

(b) EZs distort underlying market conditions and create artificial situations which the funds distrust;

(c) EZs disturb existing investments in the surrounding areas;

(d) the funds distrust the relaxed planning regime, believing that the value of a prime development may be at risk through poor development being undertaken on an adjoining site.

ENTERPRISE ZONE BENEFITS

These last for 10 years from April, 1982, and are as follows:

(i) Exemption from payment of local authority rates on industrial and commercial property.

(ii) A greatly simplified town planning regime. All commercial and industrial buildings may be used for one or more of the following purposes within the Town and Country Planning (Use Classes) Order 1972, without requiring planning permission:

Class
1. Shops (except shops larger than 500 sq. metres (5,382 sq. ft.) used for the sale of food or drink).
2. Offices.
3. Light Industry.
4. General industry, excluding noxious trades requiring special permissions.
10. Warehousing or wholesaling.

(iii) Exemption from development land tax.

(iv) Employers will be exempt from industrial training levies and from the requirements to supply information to Industrial Training Boards.

(v) Government requests for statistical information will be reduced.

(vi) Applications from firms in Enterprise Zones for certain customs facilities will be processed as a matter of priority and certain criteria relaxed.

(vii) 100 per cent allowances for corporation and income tax purposes for capital expenditure on industrial and commercial buildings.

Source: Healey & Baker.

None of this, of course, amounts to a cast-iron case against EZs. The institutions, for example, have been pretty slow in getting into funding of "high tech" development, which is supposed to contain the industrial future of this country.

Meanwhile Roger Tym and their associates in the monitoring process—Llewelyn-Davies Weeks of London, PEIDA of Edinburgh and IFF Research of London—say that the results of their assessment, taken at an early stage in the EZ experiment, should be treated with some caution.

Development has been increased in the EZs, they say, noting that certain types of developer are more strongly attracted—for example companies building for their own occupation; developers not particularly concerned with long-term prospects; builder-developers anxious to increase their construction business and developers pursuing industrial building allowances.

The development response has been limited, they say, where demand for property is depressed and/or EZ sites suffer heavy cost penalties relating to land preparation and servicing.

It is interesting that on the evidence the assessment team does not necessarily stick to the institutional argument that development within a zone will harm prospects just outside it.

The argument is a short term one. If, for example, the London Docklands Development Corporation makes a success of the Isle of Dogs—which seems likely—it is just as arguable that benefits will accrue to the surrounding areas, especially when EZ status runs out.

Land bank bonus for Lilleshall Co.

BOTH THE short- and long-term considerations of EZ status are relevant to the Lilleshall Company, which been surviving the swings and roundabouts of British industrial history since 1764.

Lilleshall's total land bank—mostly on the wrong side of the new Telford, Shropshire Enterprise Zone border—is in excess of 120 acres, about half of which is for longer term development, being principally derelict mining land in use for the extraction of building brick marl under licence to Redland.

Now Lilleshall intends to remain primarily a trading company involved in the distribution of steel and fasteners and in the manufacture of security fencing materials and allied products. Its land bank includes the engineering works where it expects to retain adequate land for future expansion.

However, 20 acres of its available land have been included in the zone and while land values in the area are currently low—around £20,000 an acre for good industrial land—it is expected that the combined effect of the zone and the M54 connection to the M6 will increase this very considerably.

So the company has an extra commodity to trade, to help underpin its recent move out of losses. The effect may be marginal but it weights the odds towards survival and renewed growth—which is what economic management is supposed to be about.

Pioneer on Isle of Dogs

"THE ISLE of Dogs is 15 minutes from the City of London. That's why I came," says Derek Waiter, chairman of the Darlington-based Indescon construction group which has recently completed Indescon Court, an 89,000-sq-ft industrial/office development in London's enterprise zone on the Thames.

Derek Waiter joined Indescon 10 years ago after "getting the sack," as he calmly puts it, from the Jonas Woodhead group. Mr Waiter's serenity is strengthened by Indescon's profit record: it made £700,000 before tax last year, against just £7,000 in 1973.

He clearly believes that enterprise zone development needs more then the statutory EZ benefits to be successful. Just as clearly, there is more than money involved in making a success of Indescon Court.

The layout comprises a range of medium-sized, high-specification units around a landscaped courtyard. Highly insulated white-metal cladding, broken by blue reflective wall glazing and topped by double-rise hipped modular roofing incorporating mansard glazing, gives a striking external effect.

"Nobody would notice us if we put up standard sheds," says Mr Waiter. "We want to be known for doing better things."

Basically a design and build group, Indescon does its own steelwork, cladding and construction. This gave it e financial edge. It also had R. Seifert and Partners as architects for the project: "We wanted a special input from Seifert, allowing us to demonstrate what our group can do down in the South East," says Mr Waiter.

He did not just produce an attractive development. "The LDDC allocated 21 months for construction starting in January 1983. We finished in nine." Indescon, he says, has built a 37,000 sq ft factory for the Thorn Group in nine weeks.

It also rebuilt a 135,000 sq ft factory for Thorn and Norwich Union within 10 months. "We were called in while the existing factory was on fire and we negotiated a fixed-price contract before the fire was put out," says Mr Waiter.

Seiferts were the point of contact with the LDDC. Indescon, with Seiferts, was subsequently invited to submit designs for three adjoining sites in competition with seven other contenders. Wimpey and Multi-Construction got the adjoining two.

"At that stage," says Mr Waiter, "the institutions were not there." With £1.5m of its own money in the kitty, a confident Indescon arranged a line with Barclays Bank for £2m. Then along came Robert Ogden, chairman of a Yorkshire-based group of construction-linked businesses; he bought the project for £3.5m and allowed Indescon to put its money elsewhere.

As neighbours, Indescon and Ogden were able to operate on a basis of trust. This is the way Mr Waiter likes it. "Otherwise you get the situation where everybody is trying to negotiate advantages out of each other," he says. For example, Indescon had no quantity surveyors on the project epart from its own. "If the institutions had been involved wo would have had to have had them," says Mr Waiter.

Indescon, he says, gets virtually 85 per cent of its business from previous customers. He hopes to put the LDDC in that category. Just across the red-brick road which is an eye-catching feature of the enterprise zone is another pair of sites which could involve a bank, some offices and shops.

"We are short-listed in a group of three from the original six," says Mr Waiter. He estimates the value of this project at between £5m and £6m.

Criticism remains widespread

Tax incentives

WILLIAM COCHRANE

FOR MOST of us, tax is the sharp end of the political game. It is hardly surprising, in that context, that extreme views are expressed on the validity and operation of tax incentives for industrial building.

"An unmitigated waste of Government money," is one view. At the other end of the scale the tax planning department of agents Weatherall Green & Smith observes: "Corporation tax is a tax on corporate sloth. It is the stick with which the Government beats profitable trading and investment companies, when their directors choose NOT to recycle taxable profits into socially and economically useful assets."

With industrial building allowances (IBAs), criticism tends to centre on their operation in the property investment market. The government (of whatever colour) is annually chastised for the inadequacy of its modifications to the legislation. But there seems no question that IBAs get industrial property built.

At present, 75 per cent of the cost of building any factory and 100 per cent for a small (up to 1,250 sq ft) workshop can be set off in the first year against income for tax purposes or, in the case of a company, against corporation tax.

This has led to some strange factories, out of the way locations and unfortunate investment decisions. There have been stories of fermers converting onthouses to "workshops" which will never be tenanted; of investors joining syndicates which produce tax relief but no subsequent income or any way of unlocking the original capital investment.

"There are still many investors who have bought projects for which they have received the tax allowances but find the investment value very questionable," says Derek Glancy of D. & J. Levy; "I believe in the old adage of buying property which stands up as an investment."

Mr Glancy is moving away from small units. "I'm still buying them but not in the same bulk," be says. "Many people feel that in seven to 10 years' time, when small units may not be ao popular, a conventional building will stand a better chance of letting."

This year's Budget contained further amendments to the IBA rules. The proportion of office space in a building which qualifies for an industrial building allowance was raised from 10 to 25 per cent in a move which will cost £25m in a full year and which was expected to provide an added incentive to the development of "high-tech" office/industrial space.

At the same time the 100 per cent allowance for small industrisl workshops was extended to cover all industrial units in a converted building where the average size of the units does not exceed 1,250 sq ft.

The ancillary space amendment, predictably, was not enough to satisfy high-tech fans. An electronics industry questionnaire produced by agents Herring Son and Daw established that respondents gave top priority, when seeking property, to an office content of over 25 per cent.

The firm found that slmost 65 per cent of their respondents could not obtain the level of office content they wanted. It would not make sense to blame the limitations of IBAs directly for that, since institutional funders are only slowly coming round to the idea of mixed development—by high-tech or any other name—as an investment vehicle. However, there are still more buyers than decent properties in the IBA market, as Derek Glancy puts it.

Nicholas Owen, senior psrtner of Herring Son and Daw, puts forward some further proposals for IBA smendment. *Last year, he notes*, the *British* Property Federation, the NEDC Building Council and his firm proposed modifications which partly came through in the Finance Act.

The Act, however, did not remove the anomaly whereby if the ancillary (or office content) of industrial buildings is 26 per cent, then the allowance for the whole ancillary part is lost. In the firm's opinion, be said, the Act should be reworded so that only costs in excess of 25 per cent of the total are dissllowed.

"*Neddy is certainly pushing again*," said Mr Owen. "Meanwhile we are trying to collect a case for submission in good time for budgetary consideration."

In simple terms, the standard case goes like this:

Before the advent of the new technological revolution, a traditional business such as mechanical engineering could have one manager for every 200 workers, maybe just one foreman to every 100.

Nowadays it is common for white collar and white coat (ie, laboratory or research) workers to add up to 50 per cent of the workforce. "If a man is sitting in front of a visual display unit," says Mr Owen, "it is hard to say whether is be in production or administration."

Leading lights at Pompey

CLAIMED TO be the most sophisticated, tax-effective, new development scheme yet devised by any local authority for start-up firms and small businesses, the City of Portsmouth's new £1½m Enterprise Centre now under construction in Quartermain Road will provide 36 units ranging from 350 sq ft to 1,250 sq ft within a 35,000 sq ft total.

Leading lights in the development are the City Estates Department, Hampshire agents L. S. Vail & Son, developers Standen House Group, contractors JT Design Build and London agents Weatherall Green & Smith, who arranged the funding.

The council made available unused development land and is providing an office facility within the completed building which will include reception, secretarial and all usual administrative services. This will be managed by Vail; inclusive rents for each unit are payable on a monthly basis with an additional one month's rent taken in advance as a deposit.

The key to the project is the method of funding. When the concept had been agreed, Vail approached a number of leading institutions and funds but found difficulty in obtaining finance on a sale and leaseback basis

Vail partner Jeremy Lear then discussed the situstion with Hugh Chatwin, the partner heading the tax planning department at Weetheralls, who provided a finance package which takes sdvantage of inherent industrial building allowances and is subject to a capital and interest guarantee from the council. The net result is that the council will retain ownership *at minimal cost to* the ratepayer and after 15 years will receive all future rental income.

Minimise bill

On the face of it, IBAs mean little to a local authority with no corporation tax liability—or, for that matter, a major company which bas already found other ways to minimise its tax bill.

However, Mr Chatwin inserted a leasing bank which had "tax *capacity" into the equation. The* bank took a legal interest in the property (not carrying the burdens of repair, insurance or management), claimed the allowances and will pass an estimated 75 to 80 per cent of the benefit back to Portsmouth in the shape of low-cost money.

"We can do the same thing for industrial companies," says Mr Chatwin's associate Philip Nourse, lately property manager of Imperial Foods, who arranged e number of finance leasing transactions for his former employer.

"Funds are not usually interested in 100,000 sq ft of semi-specialised building in the North of England," says Mr Nourse. If they were, the penalties might include a sale and leaseback incorporating the liabilities of full repairing and insuring, with upward rent reviews; a likely lease minimum of 35 years; funding only the market value of a building which would probably cost a lot more thsn that, the additional cost being covered by a supplementary rent subject to upward review yet relating, probably, to plant with a useful life of maybe 15 years.

In the meantime, Mr Chatwin is bungrily eyeing the "high-tech" market, sure in his own mind that IBA legislstion will be tailored to fit the needs of modern industry. "Institutions want to like high-tech," he says, "but they don't like the industrial/office mix—they are waiting for it to become established."

W. C.

Role of development corporations

Agencies

WILLIAM COCHRANE

"A DEVELOPMENT corporation provides an intimacy of management which cannot be exercised by central government, a continuity of purpose which is impracticable with local government and a breadth of powers which would be unacceptable if exercised by the private sector."

Stephen Holley, general manager of Washington Development Corporation from its inception in 1964 until he retired in 1980, does his best to dispel the populsr notion of government-sponsored agencies being toothless and ineffectusl in his just-published hook, "Quicker by Quango."*

He notes that the last national census sbowed that the fastest growth are in Britain in the decade 1971-81 was Washington in Tyne and Wear, closely followed by Milton Keynes in Buckinghamsbire. "The efficiency of the development corporation in implementing rapid co-ordinated urban growth is surely apparent even to the most "anti-quango"-minded, he writes.

The "antis" have also had things to say about national agencies like English Industrial Estates, the Scottish Development Agency and the Welsh Development Agency — especially in respect of their ability to ignore the financial disciplines imposed on corporate and institutional developers.

Factory builder

However, EIE, known as the Government's factory builder in assisted areas, is about stimulating economic growth and creating additional employment. Vis a new Industry Act in 1980 it was encouraged to open its activities as far as possible to private sector involvement.

Tony Pender, EIE cbief executive, notes that since 1980 the corporation bas diversified into office development, inner city clearance, a major programme of workshop building, smaller factory units, accommodation for the service sectors and premises especially located and designed to encourage "tecbnology" enterprises.

Mr Pender has strong views about industrisl property — views which might be easier to express, given the corporations position on the edge of the private sector.

On vacancy statistics: "Lots of the vacant space is rubbish which wil not be taken up by modern manufacturing industry. We've got some of it snd we're demolishing it because it's the most sensible thing to do," he says.

EIE can also talk in big numbers. Last year it nearly doubled its lettings and sales to new occupiers, largely through letting small factories and workshops available on "easy come, easy go" terms.

Provisional figures for the yesr to the end of March indicated a 93 per cent rise from 1.4m to 2.7m sq ft. EIE let and sold 849 units to new occupiers against 308 in 1981-82. Almost three-qusrters of the units were small factories snd worksbops under 2,500 sq ft.

It is hard to see s property companv or institution having the sbility to take and implement such policy decisions. That does not mean that they, or EIE, are necessarily wrong in the wav they operate. Stephen Holley's history of Washington makes a strong case for the ouasi-puhlic sector.

Between 1965, when work started in Washington, and 1982 an area of 5,325 scres with four declining collieries was transformed from one of the most derelict industrial areas in Britain to one where no dereliction exists, he says.

The list of attributes includes over 1,000 acres of parks, playing fields and open space; a population rise to almost 55,000; over 18,000 new jobs in industry and commerce; more than 10,000 new school places, 14,000 new houses and over 270 new firms.

Mr Holley's sense of commitment should inspire those who follow bim. In Wasbington the corporation is due to be dissolved at the end of 1985 but he notes that there sre now development corporations in Merseyside and London Docklands "to keep the concept alive after the current generation of new towns is completed."

He ends his book with a nlea "that in this time of bewildering change more thought is given at national level to the use of develonment corporations for specified periods for takling problems of develonment or rtnewal where rapid action is paramount."

* *Published by Publications for Companies, Cutting Hill House, Beninaton, Stevenage, Herts, SG3 7DJ, price £9.95.*

Shift of emphasis in Wales

THE Welsb Development Agency's industrial property activities have taken a decisive shift of direction over the past 18 months. After several years of carrying out politically inspired advance factory crash building programmes, in response to the rundown of the Welsh steel industry, the sgency found itself with a surplus of some 3½m sq ft of new industrial accommodstion on its bands—just over 15 per cent of its total portfolio of 20m sq ft.

It decided as a first step therefore to rein back its building programme with a view to reducing this proportion nearer to 10 per cent, regarded as an sdequate "working stock." But it was not just a question of *turning off the tap. The agency* remained anxious not to produce a shortage of accommodation in areas where demand is still buoyant and it has subsequently announced smaller building programes aimed at ensuring that an adequate range of standard factories to suit all potentiel requirements is maintained in the different parts of Wales.

At the same time the agency felt it must become more responsive to the needs of specific indstries. In an increasingly competitive industrial property market it recognised thst an adequate supply of conventional premises was no longer enough to tempt a steady flow of new businesses to Wales, psrticularly those in new technology, high growth sectors.

The upshot was the commissioning of a series of in-depth investigations in which market researcbers actually went to the industries the agency wants to sttract to Wales to talk about their ideal accommodation requirements.

As a result of this work—which is evidently now being copied by private sector developers — the WDA has begun to identify sectors of the market which it is setting out to satisfy with a "new product range."

The first of what are eventually envisaged as five or six integrated high technology parks in Wales is being built on Deeside at a cost of £2.5m. Extending to 60,000 sq ft, tbe Deeside Newtech Centre will be closely linked with the industrial researcb department of the North-East Wales Institue of Higher Education.

Work on a second £3m high tech centre at Cleppa Park, nesr Newport, consisting of 19 units in a seven-acre parkland setting, will begin shortly, assuming a hitch in gaining planning permission is quickly resolved.

Both developments and the associated lease conditions and services are being carefully tailored to suit young companies in the new technologies, *companies which are just* emerging from the backroom, garage or starter unit and are looking for an environment to expand their production and acquire their upmarket image not catered for by the normal industrial estate.

Clepps Park is naturally aimed at drawing the micro-electronics growth taking place along the M4 corridor more strongly into Wales. But the agency is also planning integrated developments aimed at other sectors such as pharmaceuticsls and the food industry.

Equally, the WDA is no longer being limited to providing industrial accommodation for manufacturing industry only. The Government bas now conceded that it hss a role to play in the provision of premises for commercial and distributional use, including shops and offices, and in tourism investment.

But the greater investment freedom overall now enables the agency also to play a useful role in special projects such as the Wales Tourist Board's scheme for a chain of marinas around the Welsh coast and the proposed major redevelopment of a large slice of Cardiff's dockland which is due to get under way next year.

Robin Reeves

U.S. concept puts down UK roots

Science parks

ANTHONY MORETON

SCIENCE PARKS have become something of a vogue concept in the past three years. Given the emphasis which the Government is placing on small firms as a vehicle for economie growth and the need to find sunrise industries it is hardly surprising that so many examples of science parks should suddenly have emerged.

If it is net surprising it is rather ironic. The concept of science parks eriginated in the U.S. in the early 1950s fellowing the setting up of the Stanford Industrial Park associated with Stanferd University and arrived in this country as a result an initiative by the then Prime Minister, Mr (as he then was) Harold Wilson, who sent a letter te all universities suggesting they do something to encourage the growth of high-technolegy concerns.

Whether the Wilson administratien knew ef developments in the U.S.—since there were by 1966 some 50 to 60 such parks in Americe—is not known. though it probably did. But even before the 1964 election which brougbt him to power Wilson had made the need to create a "white-het technelegical revolution" a centrepiece of his election campaign.

Two universities

Only two universities took up the initiative with any enthusiasm, Cambridge and Heriot-Watt in Edinburgh. In Cambridge the idea was quickly taken up by Trinity College, which had land availablo towards the edge of the city and by the mid-1970s both universities had established sites for parks.

Since then tho Cambridge Science Park has gone from strength to strength and now has nearly 30 tenants. It is possible to argue, as some do, that Cambridge is not so much a science park as a high-quality industrial park. By contrast Heriot-Watt is claimed to be nearer the concept of a pure science park, though there are indications that it has rather lost its way. Some of the people on tha site are not linked closely with the university and it is clear the university would like to inject a new impetus into the scheme.

Philosophical disputations over whether Cambridge is or is not a science park beg the question of what a science park actually is. To this there is ne precise answer.

Looking to the U.S. is ne help. Of the science parks set up there—perhaps 100 in all—it may be that no more than a few meet the full criteria; Stanford itself, around MIT in Boston, the Research Triangle Park associated with the three universities ef North Carolina and the University of Georgia Science Park at Athens, Georgia.

In theory a science park is an area set ont in such a way that the amount of land and landscaping to building is sufficiently high and tho environment sufficiently attractive to lure high-technelogy concerns with their white-collar workers. It sbeuld be linked closely with a university, preferably on the university cemplex and administered by the university in such a way that there would be an interplay between its own staff and the work of the companies.

Such a definition begs more questions. Fer instance, what is high technology? Is it where a company is involved in expleiting the existing body of knowledge in its field or where the company is research-intensive? There is a tendency for the former, according to Mr Nick Segal, of Segal Quince and Associates, to "concentrate on development activity and can perhaps best be understood as 'applications engineers'. By contrast, the latter are research-intensive and depend critically on leading, or at least keeping up with, the state of the art and incorporating new knowledge in new products or processes."

Science parks should therefere be directed at the latter but in a fallible world they encompass not only the former but also a lot of companies which are concerned with producing technological goods. To muddy tho waters even further, there are a number of commercial organisations which have set up so-called science parks but which are really nothing more than superior-landscaped industrial estates.

The past three years have seen considerable activity in the university-linked park and while Britain is a long way behind American experience—and also a long way behind what Wilson hoped for—at least tho show is on the road.

Surrey University, for instance, is engaged in site work and has already pre-let some of the medium-sized units that are to bo put up. The first tenants should be on the site in nine months to a year and the university is trying to attract a number of big firms in tho way Cambridge secured Napp Laboratories.

Joint development

Surrey is not short of cash for the development whicb is being undertaken in conjunction with the Tibbalds Partnership, and, unusually, is developing the site itself. Elsewhere, much ef the development werk bas been led by the Scottish and Welsh Development Agencies in their respective countries and English Industrial Estates company, all public bodies, though both Tibbalds and Segal Quince are active in this field.

The WDA has been involved, for instance, at Swansea, where there is a small biotechnology unit, and the SDA bas plans for half a dozen sites including the big West of Scotland park in Glasgow.

The reason for their involvement is that few universities have been in the happy situation of Surrey, with plenty of cash. Salford and Southampton certainly have, and Aston, which has joined forces with powerful interests in Birmingham, probably spends £750,000 a year on management operations alone.

These are the exceptions: the more usual rule is that the university has had little practical experience either of management operations or development or funding. Despite attempts to get universities to establish industrial liaison officers in the early 1970s, who might have brought this experience with them, most universities are still naive when it comes to the practicalities of business.

In England EIE, which has been given a much more commercial role by this Government, has worked hard to overcome this deficiency within the universities and it has been closely associated with developments at both Bradford and Leeds.

Its involvement at Bradford illustrates what can be dona, according to Mr Segal. "All the property is speculatively built, in unit sizes ranging from 1,000 sq ft to 8,000 sq ft, of an above-average quality of design and finish and fairly expensive in relation to the local property market.

"In the first six months of lettings a low proportion of inquiries came from start-up companies. Inquiries came chiefly from already established local companies that wanted more space in a better quality environment."

The new wave of schemes is going through an interesting evolntion, he believes. The universities now have a clear idea that what they sbould be aiming for is technology transfer and some control over the tenant. By working with public bodies they are also having to live with the fact that the parks have to be commercially successful—or commercially viablo at the very least—since the SDA, WDA and the EIE all want some return on their outlays.

Some of the schemes which are emerging, such as the Newcastle Technology Centre in which the university, polytechnic, city Department of Industry, county and EIE are associated and the incubator building at Warwick will, he believes, be more complex than the earlier ones.

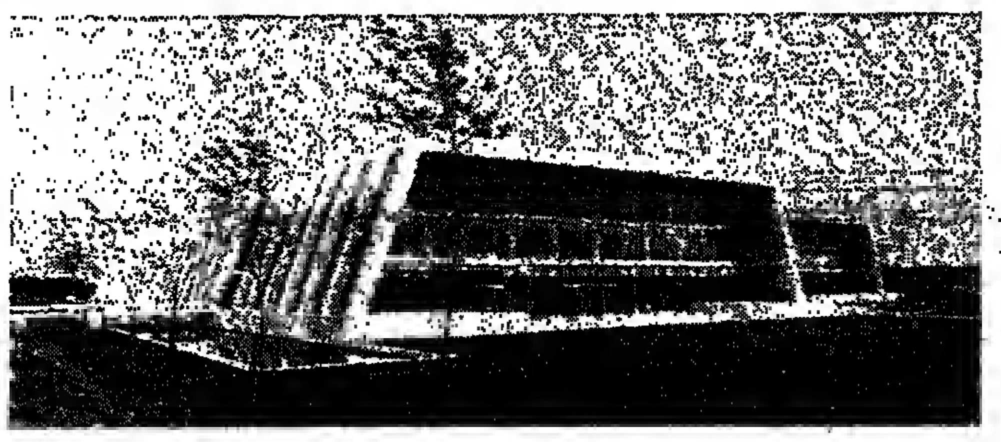
Complex or simple, all the universities need to be aware of importance of the management function. If there is to be a university-industry interaction there is a need for the sponsoring university to throw its facilities open to industry more freely than has been tha case in the past.

Sympathetic

Universities are on the whole sympathetic towards their own staff whe want to pursue outside industrial interests. But they are not nearly so interested in the reverse.

Dr John Bradfield, senior bursar of Trinity, is aware of this problem and his college is sponsoring a scheme by which a company will take on a member of the college's staff for part of the working week. "Not many companies have invited people involved in university life, particularly research, to join their boards. More's the pity." It is even more of a pity that so few universities take on so few peoplo from industrial life.

The importance of good management is that science parks need to be marketed. Property developers need to be kept aware of the facilities available, professional groups of the advantages to be found in science park locations, newspapers, radio and TV of all developments. Cloistered life is not necessarily the best background for acquiring such arts.



Nabb Laboratory at Cambridge Science Park

Cambridge makes the running

THE CAMBRIDGE Science Park, en the edge of the city where the A45 swings around the northern perimeter, is probably as near to the classical definition of a science park as it is possible to get. It is set in landscaped greunds with a low density ratio of buildings to landscaping, occupied fer the most part by high-technology eoncerns and situated near the centre of the university.

In a perfect world the park would be adjacent to its sponsoring university but because of the physical problems of finding space fer development in the centre of an ancient university city this particular criterion is missing. The park is, though, no more than a mile or two from Trinity College, the sponsoring college which ewns the land.

It is appropriate that Trinity should have set up the science park because it has played bost over the centuries to some of the most famous scientists the world has knewn. From Newton onwards it has been home fer e wide cross-section of men in a variety of disciplines: among them Sir George Airy, the astronomer; James Clerk-Maxwell, who predicted electric waves; Sir J. J. Thompson, who established the existence of the electron; Lord Rutherford, the physicist whe first split the atomie nucleus, and Lord Adrian, Master of the college between 1951 and 1965.

Trinity first sought eutline planning permission for the park in 1970 and construction of the infrastructure began three years later. The park was officially opened in 1975 by Sir Alan Hodgkin, then president of the Royal Society, with Lord Adrian and Lord Butler, at the time the Master, both in attendance.

The park now comprises three phases, ef which tho first has been completely let to a variety of concerns and the second to one firm, Napp Laboratories. It is a measure of the success of the park that some ef the concerns which came into phase one are now looking to take larger premises on the third phase of the development.

This third phase comprises 26 acres (compared with 28 acres in each of the first two phases), of which 20 are available for development. So far five acres have been landscaped, including two lakes, and another six acres have been allocated.

Goodfellow Metals, which makes foils, wires, tubes and powders from about 40 metals, is trading up from its 6,700 sq ft building on phase one to take a 25,000 sq ft building and should be in the building by about February.

In addition, Cambridge Life Sciences, which has a smaller — 3,300 sq ft — building on phase one, is also taking a new 20,000 sq ft unit and plans are in tho pipeline for several other new occupiers.

The big development on phase three, though, has been the decision of ICFC to take two and a-half acres and build three units. One will be occupied as its regional headquarters and the other twe will be let or sub-let as 17 starter units ranging in size from 800 to 3,000 sq ft. These buildings should be ready by the end of the year and mest of them have been pre-let.

ICFC is also launching a joint programme with Trinity te provide an interface between scientific ideas and industrial application. The two partners want to find new start-ups from universities and research and develepment departments and while the first target will be within Cambridge itself it is hoped that other universities will eventually participate.

ICFC will provide the management back-up for the development and if successful the corporation could consider extending the principle to ether university-based science parks.

The park's centre building, which will provide three meeting rooms and a common room for the joint use of staff of the companies on the park and university departments, is now under construction and should be ready for use next March. This is a long-felt need, as without it one of the mainprops of any science park is removed.

Phase one took 10 years to complete and it is hoped that phase three will be fully occupied in half that time (phase two is not strictly comparable since it bas enly one tenant). If this time-scale is adhered te Cambridge still has some 40 acres available for a fourth phase se that there is ample room for expansion in the foreseeable future.

A. M.

Magic label proved a misnomer

High technology

DAVID LAWSON

THE HIGH-TECH label emerged almost overnight on a multitude of industrial developments during the depths of a recession which saw the amount of empty space on the market climb to something like 175m sq ft. Agents and investors were desperate to find tenants and the continued buoyancy of the so-called high technology sector meant a change of direction in marketing.

Potential tenants failed to play the game by these rules, however. They wanted—and still want—new types of building, not e change of label. Most schemes in the glossy brochures were merely the same traditional sheds, more like warehouses with bright colours and plasticised cladding.

Agents discovered reasonably quickly that something was wrong. They had jumped on a bandwagon that refused to roll. New buildings often remained stubbornly empty, as intended tenants refused to come forward and increasingly scarce traditional clients found them too expensive. A plethora of reports emerged as the agents began to accept the psychological trauma of a switch from the traditional iron grip of landlords in the design of industrial premises to a tenant-led market.

From these studies are coming views on what the new breed of industry is likely to require. They are not as simple to satisfy as some like to make out—or as clear-cut.

First, the magic label high-tech is being proved a misnomer. As surveyors Debenham Tewson and Chinnocks say in a recent appraisal of the sector, high-tech refers to products and processes rather than property.

Wide spectrum

Tha knowledge-based industries (as they call them), are a heterogenous sector varying from e two-man research team seeking new bio-engineering techniques for farming through a wida spectrum to a fully mature microchip production plant.

What ties the sector together is the growth rate of the various companies rather than the premises they require, so any attempt to design and market property for the broad sector rather than particular parts appears doomed.

Debenham Tewson, for instance, repeat the observations of last year's Department of Industry study which showed that new concerns often opted for "cheap and cheerful" premises to keep rents down and this does not have to be new property. As the business grows, larger and more efficient new premises will be needed.

Three categories of demand were identified by surveyors Healey and Baker. The most easily spotted are business centres like Aston Science Park, providing clean, modern buildings with office-like designs and short leases. Another group involves a mix of businesses on fringes of town centres, again in quasi-office premises set in well-landscaped areas with extensive car-perking provision.

The third category involves headquarter buildings, where companies forced out of cities by high costs combine edministration and manufacture/storage in prime locations. These are more traditionel buildings but require mnch higher office content than normally provided in speculative buildings.

In this variety of demand are common facters. High quality environment is essential because this growth aector needs to attract high quality staff. As surveyors Herring Son and Daw comment, tarting up traditional sheds will not appeal to technicians who can see secretaries working in air-conditioned comfort nearby.

Land costs

Parkland setting and low site cover often maans developments are viable only where land costs are cheap, such as sites contributed by local euthorities. This limits location, along with need for good access to roads and airports—a reason the Thames Valley is so popular.

Most important, buildings need to be flexible. A growing company does not know from one year to the next what it will use various parts of a building for, so construction must allow services like telephones and air-conditioning to be re-routed easily and floors or windows moved or inserted easily. Some tenants spend a fortune refitting standard buildings because they cannot find suitable premises.

A major problem can be the planners. A recent Government circular has told them not to block mixed use of offices and manufacture but there are continuing problems because there is no niche in the Use Classes Order for these activities so planners often demand separate identification of office, storage and manufacture use.

Some experts, lika Stephen Greenbury or architects Newman Levinson, believe thet despite these common factors it is impossible to create a true high-tech building until the tenant or owner-occupier is known because only then will the exact internal use be known.

This is anathema to the property industry, grounded in speculative building. Agents tend to believe that given flexible use, the right location and building size, and the various other important demands of the knowledge-based sector, a lettable commodity can be provided in advance.

The wild cards are the planners, who must plan to allow such schemes; the institutional investors, who must be persuaded to switch at least some resources to this unproven sector; and the tenants themselves, who bave to tell developers what their needs are in much clearer language.

Royal London Mutual tests the temperature

A MAJOR stumbling block to provision of property acceptable to high technology companies is the nervousness of pension funds and insurance companies about investing in a new market. Some business parks are evolving bnt there bas been little progress towards a true new genaration of premises.

Investors fear the risks of specialised buildings which may not be easily relettable in such a limited market, particularly wben tenants demand three or five-year leases rather than the traditional 25 year period. These tenants may often have exciting prospects but are short on the profit track record which defines a reliable bet for the investor.

Investors want to avoid what agents Grant & Partners called "a flirtation with over-specialised experimental buildings." But they know that within 15 years the bulk of British industrial tenants may be in this sector.

"What we lack is knowledge," says Mr Ron Pollard, who manages the £200m property portfolio of the giant Royal London Mutual Insurance Society. Ha says there is too little information at the moment about whether tha funds' long-term yield requirements will be met.

Meantime he is experimenting with the provision of modern premises to prove his own conviction that this is a niche in the market not properly recognised.

Just under 3 per cent of his portfolio is being sunk into developments at Swindon, Slough, Southampton and possibly other schemes which he feels provide the real requirements of high technology industry.

The Dorcan complex at Swindon, for instance, comprises seven two-storey buildings on a landscaped campus providing between 1,000 and 10,000 sq ft. They seem more office than industry because Pollard and his agent Peter Barefoot have won a vital concession from the planners to allow elther use — a rare occurence, becanse most local authorities fear incursion of offices on to industrial land.

High quality

Building costs are around £35 a sq ft and rents are being achieved at between £5.50 and £6 a sq ft on short leases. Pollard generally aims for a yield of more than 9 per cent, depending on location, which is probably more than high quality traditional industrial property let on 25-year leases.

The ease of letting illustrates Pollard's case that a wider market can be opened up which will give a higher rent and a higher initial yield within this special sector. He is pursuing the same policy where he thinks location is right and local planners can be persuaded to allow total flexibility of internal use.

These high rents are a vital part of the risk formula and are well illustrated by a Healey and Baker survey showing that quasi-office business centres can command £8 a sq ft in the West London area compared with £3.60 for traditional factories or warehouses with only 10 per cent office content. The differential is not so sharp in places like Birmingham or Glasgow—where £3 and £2 a sq ft respectively is charged for each type of property—but it is still significant.

Pollard is reasonably happy that few other investors are treading on his toes to provide similar property, since he recognises there is a limited market. He is also only testing the water rather than giving full commitment at the moment to this relatively narrow sector.

The proof of good returns which he and other funders require so badly seems most likely to come after late spring next year, wben Pollard predicts the atart of e two-year surge in rent and capital values as the recovery pushes up tenant demand. Significant premiums are likely for the right sort of property, wbile a large pool of badly-located or traditionally designed units may find tenants and reasonable rents harder to find.

Perhaps by this time next year the institutions will bave the evidence they need to make a stronger commitment to a new generation of industrial building.

D.L.

There are signs of recovery in demand for industrial premises, albeit in selected high quality areas

Portfolios have to hold the right mix

Corporate sector

ALISON HOGAN

THE BLIGHTED UK industrial landscape has "seen" so many false dawns that UK investors are in danger of discounting signs of recovery. Nevertheless, enougb signs have appeared over the last few months from agents, stockbrokers' analysts end the property companies themselves to suggest that prospects are distinctly brighter.

One of the clearest indications of an overall improvement in the sector came towards the end of the summer from surveyors King & Co, who reported thet the amount of vacant industrial and warehouse floorspace in England and Wales bad fallen for the first time since 1979.

The fall is modest — down from e peak of 177.6 sq ft in mid-April by 4.56 per cent to 169.5 sq ft in mid-August — but the trend has been echoed in the comments of chairmen of several industrially based property companies.

Mr Harry Axton, chairman of Brixton Estates, summed up the position in September et the time of Brixton's interim figures wben he said thet there bad been some improvement in tha letting market but that it was confined to buildings of the highest quality.

World recovery

He went on to say that the pace of the company's growth was linked to further recovery in the world economy and in particular to the level of commercial and industrial ectivity in the UK.

That sentiment could be applied to the property sector generally where the trend seems at long last to be gently upward; but it could be arrested temporarily if stock market jitters, which have hit even such popular sectors as electricals and pharmaceuticals, should continue.

Leading property analysts have responded positively, tbough cautiously, to signs of en upturn. Scrimgeour Kemp-Gee, for example, welcome the news of an increase in the level of enquiries but add that genuine interest, which manifests itself in space being let soon after enquiry, may take time to materialise.

Phillips and Drew also expect e further improvement in the industrial letting market in the last four months of the year but edd that the property market tends to be one of the last sectors of the economy to enter recession and one of the last to come out of it.

They suggest that the lag between an increase in economic activity and the resultant increase in industrial rents tends to be some 18 months. Certainly, until now, companies with a high shop content in their portfolios have tended to perform better within tha property sector than their industrially based contemporaries.

Bnt interest is now shifting to the industrial sector, to companies with high quality portfolios like MEPC and Sloug b Estates or with good but ageing portfolios like Allnatt London Properties.

The announcement of merger talks between Slough Estates and Allnatt and its sister company Guildhall Property came as no surprise—thougb Slough had not been top of the list of interested parties, bolding a rather similer portfolio. Allnatt bas a large chunk of industriel and warehouse buildings in the west and north-west of London, including Park Royal, which beve a limited growth potential.

Allnatt's controlling directors are nearing retirement and a move to bring in younger, more active, management had been expected for some time. There are perhaps half a dozen other small- to medium-sized companies in a similar position with a good asset base but lacking either the management or the cash to exploit them.

The manegement at Percy Bilton is now looking energetically to realise the full potential of its portfolio—which would involve redeveloping some of its older sites.

The Trust Securities/Percy Bilton episode provided lessons on both sides. For Percy Bilton it was a warning of what can happen if a company is slow to rationalise its portfolio. For Trust Securities it revealed the pitfalls which face the high-flier with a property valued more on sentiment than economic reality. Certainly Stockley Park, its 350-acre site, appears to have all the ingredients for a successful venture, close to Heathrow and the M4, and styled as e business park. But observers have yet to be convinced that the scheme will actually be built.

Building niche

The trend towards the small industrial unit for light manufacturing and technology uses often fevours the smaller property company. Dencora is a small East Anglian property development and investment group quoted on the Unlisted Securities Market which had a turnover last year of £3.8m and has a portfolio valued at £18m It increased its pre-tax profits by 58 per cent in the six months to June and appears to have found a niche in building standard units in towns including Ipswich, Cambridge and Colchester.

At the other end of the spectrum Slough Estates shows how e company which could be seld to bave developed the art of industrial estate building can move with the times. It has built up a portfolio around the world, though its original estate in Slough still constitutes 48 per cent by value of its total investment portfolio.

Its fortunes, like those of Brixton Estates and other lerge companies, rely on the state of the world economy. Brokers De Zoete & Bevan recently estimated that it has 880,000 sq ft of vacant space in the UK and 900,000 sq ft overseas which could take up to three years to let. Yet with industrial values expected to improve soon, it is widely considered to be a sound investment by property analysts.

Need to adapt planning guidelines

Mixed use development

TERRY GARRETT

WHETHER pushed by demand or pulled by desire Britain's planners have gradually come round to accepting that the industrial scene is changing and rigid Use Class Orders no longer reflect today's environment. For years the change of attitude was progressing at snail's pace. In the last three or four years, however, there has been a fairly dramatic change of heart end few local planners are unaware of what the expanding sectors of industry need—mixed use buildings.

There are of course many sectors of business that still require traditional industrial accommodation suitable to heavy, noisy and dirty processes. Yet the newcomers spawned by the rapid rise of high technology industries have totally different requirements. Whereas, according to Slough Estates, 5 to 10 per cent of peripheral office space was more than edequate in an industrial complex, thet figure has risen to around 20 per cent for standard industrial units. Indeed those companies operating in the so-called "high-tech" industries may want an office environment covering 40 or 50 per cent of their space.

That mixture of office and industrial/warehouse all under one roof is becoming typical of newer industrial developments. Moreover, as the British property scene takes another step towards its American counterpart with landscaped industrial areas, there is a small but growing presence of purely office blocks within industrial centres. So far most of these have been erected at the front of the development, away from the town centre but with the industrial content tucked behind Yet even that condition is wavering in a few developments with modern industrial buildings sitting alongside pure office blocks.

Of course the rise of mixed use development does bring its planning problems. A light industrial/warehouse building with an office content of say 40 per cent hardly fits neatly into the classifications that the planners turn to when giving their verdicts. How they actually go about giving their consent or otherwise quite obviously varies from region to region. Some might award a building a light industrial use class and accept thet a large part of that square footage will be offices, while other authorities give split consent for X emount of offices and Y amount of industrial in the same building.

Hand in hand

The planners' more flexible ettitude must in the main be a reflection of the recession. A less rigid adoption of the rules has gone almost hand in hand with rising unemployment. Retail permission, however, within an industrial site can still make many planners stop dead in their tracks.

Some planners are softening their attitudes to the siting of large retail superstores on traditional industrial developments, especially on major trunk roads, but it is still very difficult for the developers to get consent. Certainly in the South-East there is a veritable queue of retailers willing to take accommodation on suitable locations.

Inevitably, not all planners heve warmed their hearts to mixed use. Some stick rigidly to the Use Classes and that is that. Now the developers and agents have been quietly lobbying the Government to overhaul the Use Class Orders and bring them into line with today's industrial needs. So far the official response seems to be that those provisions are really only guidelines for the local planners and need not be edhered to unwaveringly. Therefore changes are unnecessary.

Yet, as Mr Peter Mantel of agents Jones Lang Wootton points out, that argument holds good only where the local planners have already adopted a flexible approach to mixed use proposals. It does nothing to combat those planners who are refusing to accept changing proportions of office/industrial floorspace and it is those planners who may be missing chances to increase local employment opportunities. It is about time that the Use Class Orders were overhauled and new guidelines adopted.

Apart from the planners the biggest headache has been the attitude of institutional funds. Quite rightly many institutions had taken a very softly softly approach towards a new property concept. One of their biggest worries was what would happen come the time for rent reviews. In the early days reviews were being made on a totally artificial basis of what other traditional office and traditional industrial rents were in the area. However, as more and more mixed use developments have come out the ground there are now direct comparisons, and concern over recent reviews has waned among the institutions.

Even so, some institutions remain hesistant over committing large amounts of money to mixed use developers. While today's growth industries may be demanding these sort of buildings who is to say whether that demand pattern will hold good in a decade or two?

Pioneer prototype at Aztec West

Phase 1 of Aztec West, scheduled to provide eventually over 2m sq ft of office, industrial, reserch and warehousing space, along with community amenities

ADAPTABILITY of building design is the key to any mixed use development. The architect has to construct a shell that can be changed with relative ease to suit a variety of needs, not just once but again and again over the course of its life. Only in that way can a modern manufacturer adapt his space to changing requirements of markets and of the company itself. A cladding material that can be swopped with limited effort would seem essential; that and e local planning authority with the foresight to understand today's changing needs of industry.

Certainly it is a technique being put to the test et Aztec West, one of the largest developments currently being undertaken, spreading over 170 acres eight miles north of Bristol. The development is close to the junction of the M5 and A38 and less than a mile from the M4 intersection.

The developer is Electricity Supply Nominees and development consultants are Richard Ellis. Between them ESN and Ellis commissioned a research survey in Santa Clara Valley, California—better known as Silicon Valley—to establisb some ground rules about the type and style of spece being used there.

The research that emerged has been fundamental in drawing up Aztec. With the help of Northavon planners, who have clearly shown their awareness to changing needs in their relaxed view of planning permission, a £5m infrastructure was started in 1980. By the time that Aztec is finished in the late eighties around £100m will have been invested in 1½m sq ft of industrial and warehouse space and a further ½m sq ft of purely office accommodation. A working community of between 5,000 and 10,000 is anticipated.

Building shell

Phase one of the development was two highly flexible buildings labelled 1400 and 1600. Each offered 88,000 sq ft of speculative accommodation and each is little more than a shell in its raw state. The walls are constructed of aluzinc coated steel panels which can easily and rapidly be swopped around for glazed panels or doors. The internal accommodation can be established to the occupiers' own requirements.

Tenants in these two buildings include GEAC Computers, ICL, Systime Computers and Benson Electronics. Towards the south side of the development Digital Equipment is in 30,000 sq ft of specially designed accommodation. It is a totally glass-cladded building forming the first part of Digital's 60,000 sq ft of office development.

Another 25,000 sq ft of office space is virtually complete—300 Aztec—part of which will be taken by Benson Electronics. Systime is building its own 20,000 sq ft of offices and a 10,000 sq ft of industrial-cum-office space is being built for ICL for future use as its Western Service Centre.

The flexibility of Northavon's planning department is evident in the Systime development. The new building has pure office use consent but Systime will be splitting it roughly as one-third administration, one-third service area for computer parts and storage for assemblies and one-third for its own large computer suite and training facilities.

But to return to the flexibility of 1400 and 1600, which typifies the adaptability of the whole Aztec project. Of the four tenants which have taken space all needed to change the layout, one quite dramatically. The whole concept of mixed use development can be demonstrated in the way each tenant has tackled what is basically the same space.

Benson Electronics is having an office building anyway but meantime it needed a straight warehouse for computer equipment. It has taken 8,500 square feet to stack equipment. A couple of portakabins are standing in as offices for the present.

ICL has taken accommodation in the large speculative building while its own purpose-built service centre is under construction. ICL has taken 9,000 square feet and kitted it out as part service and storage area and part office accommodation.

Systime took 12,500 sq ft of what is fundamentally warehouse/light industrial and carpeted the whole lot. In came the office furniture and potted plants and Systime had 12,500 sq ft of offices. Obviously the developers had to swop a lot of the solid cladding for glazed units. But when Systime moves out on completion of its own development, the building could easily go back to solid walls for e cavernous warehouse.

GEAC pursued a different route again. It took 8,500 sq ft and put in 4,000 sq ft of offices, stacking 2,000 sq ft on top of another. That required e lot of alterations to the cledding and subsequently GEAC further increased its office accommodation so that it now makes up half the square footage.

All four companies are taking what is basically the same shell and producing accommodation to suit their own totally individual needs. The end result will be classic mixed use development.

T. G.

North America favoured as a resting place

Investment overseas

PAUL HANNON

PROPERTY investors can be simple people; not naive or slow-witted but looking for two things out of life — namely a secure stable future and an acceptable return on their investment.

An investor in international industrial property might therefore be somewhat cautious or indeed a little pessimistic if he were to take to heart the most recent findings of the Organisation for Economic Co-operation and Development (OECD) on the prospects for profitability of the Western world's leading manufacturing bases.

The OECD notes that: "In Canada, Germany and the UK the downward trends (in manufacturing profitability) can be traced back to the late 1950s, while in the U.S. the rate of return in manufacturing started to fall in the second half of the 1960s at the same time that growth of productivity began to slow down."

The analysis continues: "An important implication of present cyclical trends is that despite a small expected decline in the labour share of value added in 1983, realised rates of return are likely to remain quite low and unlikely to recover to the rates prevailing prior to the second oil shock." This has major implications for industry's ability to buy or rent property.

There is another school of thought which suggests that yields on investment in property, manufacturing or services will continue to appear low because the world economy is in a gradual downturn and that the post-war boom years were simply an aberration in an historically long-term trend of low return of about 2 per cent to 3 per cent over the past century.

An important caveat for the British investor in overseas property must be "things might be bad internationally but not as bad as here."

Depressing news from the OECD should be enough to deter any new investor but there still are a number of UK investors active overseas, particularly in North America.

Many opportunities

Quilter Goodison, in e recent review of British involvement in foreign property markets, emphasises: "North American property still offers many opportunities for the shrewd and active investor and given the relatively dull outlook for UK property British companies can be expected to add to their already significant assets in the U.S. and Canada."

Although there is a tendency for UK groups to concentrate on office developments in North America, some inroads have been made in industrial property.

A foreign investor must bear in mind the scale of industrial development in the U.S. Los Angeles and Chicago have a combined 1bn sq ft of warehouse and manufacturing space.

There has been a steady change in American industry from manufacturing to services, especially information industries, with consequent changes in "factory structure" to include a higher office component.

"Business parks, with increasing flexibility of space between assembly, or warehousing and office accommodation are rapidly becoming an accepted investment type," Quilter Goodison suggests. "Growing involvement by the financial services industry is likely to boost both tenant and investor demand. Yields are seen as likely to reduce significantly as a result. But only those parks which are well designed and well managed will command yields approaching those for prime office or shopping schemes."

The attraction for North America is based partly on aversion to other markets. Too many government controls in Australia, exorbitant prices in Hong Kong and a bad aftertaste of the 1970s in Europe combined with the feeling that suitable property in the U.S. was beginning te get scarce proved sufficient impetus to encourage large UK investment in North America.

Some UK property groups, such as MEPC and Laing Properties, heve been active in the U.S. for decades but their involvement has been concentrated largely on the office side of the market.

Brixton Estate entered the U.S. market in 1980 with the purchase of a 140-acre site in Houston. Development, in partnership with a local company, has centred on two speculative industrial units (96,000 sq ft) with 21 acres sold and 37,000 sq ft let in a very oversupplied market.

In Atlanta Laing Properties has undertaken a phased business park development yielding 800,000 sq ft of mixed user space with a high office content. The attraction of this and other Sunbelt states for domestic and overseas developers has been partly attributed to less stringent trade union laws, in some cases facilitating rapid industrial expansion.

Laing Properties is also active in Seattle with a 172,000 sq ft warehouse and office development 15 miles south of the city centre.

The Cape Canaveral residential development of Property Security Investment Trust was acquired in 1981. This 1,000-acre lot was supplemented by a further 500-acre industrial land purchase in 1982, both of which should occupy the company for several years to come.

Stewart Nairn, with an estimated 54 per cent of its property assets in the U.S., has its primary industrial exposure in a 50 per cent interest in 66½ acres of land scheduled for a business park development in East Whiteland, Pennsylvania.

Boston is the scene of a 77½ per cent freehold interest by Town and City Properties in a 3.3m sq ft multi-storey warehouse premised on e 30-acre site. Although purchased in 1971 this site is undergoing phased refurbishment for mixed usage.

In Denver, the new energy capital of the U.S., European Ferries holds a 95 per cent freehold interest in 330 acres edjacent to the Denver Technological Center and a further 1,000-acre wholly owned long-term development south-west of Denver.

To the north Slough Estates has a number of industrial ventures in Canada. Active in the region since 1951, Slongh currently has e 3.57m sq ft of industrial buildings in Toronto and a further 118 acres for development, while in Saint Laurent, Montreal, the group owns 132,000 sq ft of freehold industrial buildings with a further 13 acres for development.

Expand control

Slough's changes of management structure earlier this year were designed to expand control over existing projects and move into new areas other than Chicago, its main U.S. field of operations.

Mr James Croft, of Richard Ellis, suggests that since the U.S. represents the last bastion of free enterprise, the British investor is eutomatically interested in a market which has great mobility, thus generating constant supply/demand and huge space requirements.

The recovery in the U.S. industrial sector, according to Richard Ellis, is expected to follow upon the resurgence in the U.S. economy.

"Very little new construction was started in 1982 and expansion plans were postponed. As companies begin to see that a recovery is occurring, a rekindling of interest is anticipated as they attempt to secure distribution facilities that will enable them to take full advanage of the renewed business cycle," the agents say.

Such optimism is a useful counterpoint to the bleaker, more cautious projections by the OECD for the long-term recovery of the world's manufacturing industries but it is also one which should not necessarily be totally embraced on the grounds that it fits into one's own personal or corporate view of prospects for overseas property development.

Successors to Hong Kong

ASSUME Hong Kong is finished; that the necessary political will in China and Britain fails to materialise and that the stock market, which has already plunged to less than half its 1981 index peak of 1,810, collapses utterly. The region's financial supremacy, and once vibrant property market, dissipates—but to where?

Today's property investor commercial, retail or industrial—will want to know where the Hong Kong of 20 years hence will be. It is evident that the Far East needs a Western style free market like Hong Kong in the general area and that Tokyo, self-satisfied with decades of unwillingness to deal with foreigners on home ground, will not seize the financial crown of Hong Kong.

A possible successor to Hong Kong could be Singapore. It currently has industrial space at about S$1.40 to S$1.80 per sq ft per month, which is about 50 per cent more expensive than current Hong Kong rents of up to HK$4 per sq ft a month.

Plans for a U.S.$2.5bn upgrading to Singapore City's infrastructure, with a new rapid transit system incorporating underground shopping facilities, would help to relieve some of the city's congestion and take it along the path Hong Kong travelled a decade ago.

Singapore industrial property, with a total capacity of some 17m sq ft, is expected to experience higher activity in the next 12 months. The national growth rate of 6.5 per cent, although the lowest since 1976, still represents a major attraction and is a sound foundation for future development, limited perhaps by space constraints.

Further afield, Taiwan has a buoyant economy, currently bolstered by U.S. aid and markets but it suffers from the long-standing claims of ownership from the People's Republic of China. Property investors and business in general would be unlikely to want to undergo the experience of Hong Kong twice in one generation.

Korea, already on the way to being a major industrial force in the region, could be poised to snatch the financial crown of the Far East, largely through the support of the U.S. Overseas investors continue to examine the capital Seoul as a location for funds, particularly because of its attraction of space and relatively cheap labour costs.

A legal framework at least similar or superior to Hong Kong's would be necessary for any successful transfer of roles and a liberal taxation system would be essential.

What the region needs will be a clone of the British colony but one which has long-term stability and guarantees. It needs to avoid what must be the most damning dismissal of Hong Kong by a senior UK property analyst: "It is a very brave or foolhardy man who would invest in Hong Kong today."

P. H.

Ten years on at Slough Estates

Environment

RAY MAUGHAN

TEN YEARS ago, Mr Nigel Mobbs, chairman of Slough Estates, wrote a book describing the Property Development Process, part of a series of Property Studies in the UK and Overseas.

His topic, not surprisingly, was the role and problems facing the manager of a developed industrial estate.

He identified two kinds of industrial estate management which he felt were compatible, but "demanding a special concentration" by the estate management team.

First there was "positive management" which "maintains the image of the estate by strong controls over the tidiness and housekeeping of individual occupiers, preserves the marketability of space which becomes vacant and helps to promote the long term development o fhte estate."

The second category comprised "protective management" i nthat the team would ensure that repair covenants were maintained, covenanted repairs were undertaken and that income was collected efficiently and speedily.

Slough, said Mr Mobbs, had imposed on the annual rent review a five or seven year rent review, which had been based on the standard market review but which could operate only upwards.

He added: "I believe that in an inflationary age such clauses are becoming widely accepted by tenants and, in view of their importance, it is essential for the property manager to ensure that they are properly recorded and that dates are not missed."

On the question of filling vacant space, he was confident that the manager of an efficient estate "will have little difficulty in leasing the second hand building."

Now, 10 years on, he feels that much of what he had to say at the time is still valid, but he is the first to admit that it was written "in a period of funding crisis, now we face a user crisis".

The other critical difference over the last decade was that inflation appeared to have been curbed. So, whereas "every review was previously assured of e decent increment", landlords now had to "work very hard" to maintain an appreciable level of rental value for the funds.

For far too long in the UK and particularly in the South East, there had been no difficulty whatever in letting good quality space. "There was always more demand than supply". But Mr Mobbs acknowledges that "we face tenant power now. It is no longer a question of being cheapest cab on the rank, but being the best cab".

By that be means that the working environment offered to industrial tenants must now become far more thoughtfully planned. He, like other landlords, realises that the occupier demands greater free space round a property for loading, access and car parking.

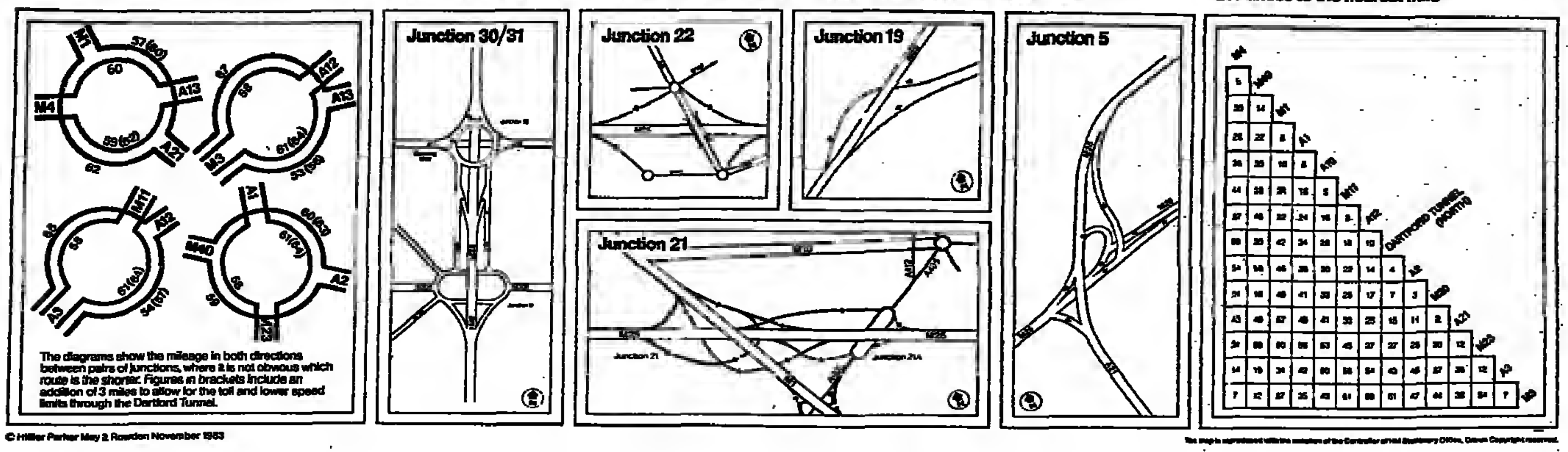
His theme of stringent control of estate tidiness is as strong as ever, but a new strand which has emerged in the past decade is the response of estate management to the destruction created by vandalism.

So a property must be attractive, durable and, nowadays, securely guarded. Security services, he feels, must be provided on a co-operative basis on an industrial estate.

In common with other developers and agents, Mr Mobbs would like to see more evidence that institutional investors in the physical property market are showing greater flexibility in their response to the users' needs.

But, above all, he is convinced that estate agents will have to work harder to market their wares.

Alternative Distances — **Partial Junctions** Five of the 31 junctions do not allow for complete interchange in all directions and these are shown below. — **Distances to the nearest mile**



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Views alter on impact of orbital motorway

M25

WILLIAM DAWKINS

THE M25 has been described as the most important development to hit London and the South-East since the arrival of the underground railway. Like the underground, the M25 has undergone a lengthy gestatien period. First mooted in the 1930s, the 121-mile perimeter road will not be completed until 1986.

The M25's long history means perceptiens about its industrial property market effects have been focused rather earlier in its life than most motorways. Even in its present uncompleted state—62 miles are open—it seems clear that its most immediate effects run directly counter to the planners' intentions.

At a time when central government and the GLC are striving to reverse an exodus of employers from central London, the M25 is threatening to suck industrial and wareheusing companies out of the capital in search ef a more agreeable environment and an efficient distribution network.

The M25 has been a key element in gevernment policy te attract industry to relatively high unemployment areas east of London like Brentwood and Dartford.

Yet the Standing Conference on London and South East Regional Planning feund in a recent study on the metorway that "the main development pressures which the motorway is likely te accentuate occur mainly in the western sectors, while the main opportunities and needs for new investment lie in inner London and the eastern sector."

Tight restrictions

The pressures occur in the west because of the communications advantages of Heathrow, the M3, M4 and M40. At the same time planning restrictions in that sector are tight and towns like Reading just outside the Green Belt are increasingly attracting small, often high technology industries, while the larger more traditional concerns have not found it economical to move from central London locations.

Meanwhile, demand in the eastern areas, where industrial development is encouraged, seems te be confined largely to wareheusing. Since warehousing is not labour-intensive, the quality of the environment is less important to companies.

The standing conference identifies Harlew, Redbridge, Waltham Ferest, Billericay, Grays, Dartford and Sevenoaks as being the areas in the north-east and east of London most likely to experience great pressures for warehousing because of improvements in accessibility.

Mr Dudley Leigh, one of the authors ef a study two years ago hy consultants Nathaniel Lichfield and Partners and surveyors Goldstein Leigh and Associates, points out: "For warehousing purposes, there is going to be a levelling in differentials all round the M25. Slough rents are probably going to move ahead much mere slowly than rents in the east, which themselves won't move ahead very fast in areas where there is a lot of land."

Typical wareheuse rents in Slough are now around £3.75 a sq ft, against £2.90 in Romford on the eastern side of the motorway.

Industrial rents around the M25 should fellow a similar trend, although they will be encouraged to increase further by the growing tendency for new industrial properties to include a high proportion of office space.

A factory in Chelmsford with a 30 per cent office content, for instance, would fetch around £4 a sq ft, while a pure factory in the same location might go for only £3.

The dilution in the relative advantages industrial properties enjoy in the South East could even lead te a reduction in the regional rental average, predicts Mr Geoffrey Smith, a partner in Nathaniel Lichfield.

"The advantages now enjoyed by areas around the M4 are simply going to be spread out. It means there will be a wider area ef choice fer industrialists to look at," be says. "The question is how far east that area will go."

Nevertheless, there is still room for some very sharp rental increases for prime industrial properties in or just outside the Green Belt in the western sector.

The Lichfield-Goldstein study estimates that rents in Bucks, Surrey, and Herts could reach a par with London's West End shortly after the completion of the road.

Green Belt restrictions also mean that new industrial opportunities are likely to be confined to refurbishments or redevelopments of properties with established use.

A prime example is the 350,000 sq ft office and warehouse development by the National Water Council Superannuation Fund on the 145-acre site of the former Denham Film Studios in Buckinghamshire.

Rebert Bosch has taken the 240,000 sq ft of warehousing there because of its proximity to the M25-M40 junction, due to be completed in spring 1985. Agents Jones Lang Wootton are asking around £12 per sq ft for the offices.

The Lichfield-Goldstein Leigh report also envisages a movement towards less fashionable areas in outer Londen boroughs like Croydon, Orpington, Hounslow, Uxbridge and Barnet — especially where, like the Denham site, they are situated near motorway junctions.

Costs significant

Bnt the movement towards junctions is likely to be most pronounced among companies for which transport costs are significant. The Lichfield-Goldstein Leigh study underlines the cost savings that will be achieved for journeys via the M25 to ports, cities and airports.

The journey from Watferd to Stansted, for instance, could he nearly halved from 70 minutes to 40 minutes. The GLC estimates that times for trips between locations on the M25 will range from 20 per cent to 30 per cent shorter at off-peak periods.

However, the communications improvements expected to result from the M25 should not be overestimated. The completion of the road is likely to exacerbate bottlenecks on the important route through the Dartford tunnel until the Woolwich river crossing is established in the early 1990s.

Planners have cast doubt on the capacity of the motorway to support the volumes it will attract without the traffic jams that have turned the M1 into a driver's nightmare. Moreover, it will make no difference to trips into and eut of London.

One less obvious property market effect of the M25 may be to encourage some property owners in the west to cash in on rising land valnes and move east. An attractive warehousing site like the Champion property near Heathrow could well go for £500,000 an acre, while the best available site on the other side of London would fetch around half that figure.

"Two years ago, figures like that were in the realms of fantasy," says Mr Robert Glover, industrial partner of Richard Ellis.

"Some users who really do not need to be in the west will see that they can move into a similar area in the east and sell off surplus land."

If Mr Glover is right, the next year or two could see some industrial property owners in the more attractive areas of the South East make substantial fortunes.

Property funds' assessment of the route

"I WOULD say that the M25 currently makes little difference to institutional investors, except that if it wasn't there, there wouldn't be a market. The M25 is the market." In Britain's present depressed industrial property climate, that remark by Mr Robert Houston, chief executive of Rowe and Pitman Property Services, is likely to find an echo among fund managers everywhere.

Hambro Life's £570m property fund, for instance — one of the biggest and usually most active in the country — incindes three major new industrial sites worth a total of around £18m within 10 minutes' driving distance of the motorway. "We don't have a policy of seeking out properties on the M25 just because it is there," says Mr Geoff Rusby, a director of the fund.

Important factor

"The existence of the M25 is really just one of a number of factors that we take into account, but at the same time it's an important factor at the moment and must have affected property values around London," he adds.

Like other investors Hambro has been most attracted to the western side of London, where M25 links with other motorways are more frequent than in the east. Its properties there include:

- a 160,000 sq ft mixed office and industrial development at Bracknell, near the M4;
- a pre-let industrial unit at Watford, comprising 74,000 sq ft near the M1;
- a joint venture with developers Speyhawk funding a 160,000 sq ft warehouse and industrial estate at Kings Langley near the M1.

Mr Rusby does not envisage that the completion of the road in 1986 will of its own account lead to radical increases in rents and capital values. "You are not going to get an upside just because the final piece of tarmac has been laid. It has already been largely discounted in property prices because the motorway has been around for so long," he says.

Mr Alan Leibowitz, an associate director of property consultants Portmans, who manages Trident Life's £34m property fund, shares his larger counterpart's somewhat downbeat attitude towards the industrial property investment opportunities created by the M25.

His fund includes one industrial property on the ronte; a 20,000 sq ft warehousing complex near Colnbrook near the M25-M4 junction, acquired in May 1982 for about £1m.

"The fact that the M25 was going to pass within one mile of the site was a major factor in the decision. However, if the M25 was not going to pass it, we would still have bought it because of the nearby M4 and Heathrow Airport," he says.

Industrial property only accounts for 9 per cent of the invested funds in Trident Life's portfolio; a proportion which reflects the jaundiced view of the industrial sector it has in common with other institutional investors. Office space accounts for 30 per cent, while retail property takes 50 per cent of the portfolio.

It is in these latter non-industrial areas that the M25 seems to have a more significant impact on valnes. One example is the combined retail and office property Trident Life owns in Egham, near Staines, on the south-western sector of the road. It fetches an average rent of £11 per sq ft, while a similar building in a similar town not on the M25 would fetch less than £8.

"I don't think the M25 is a panacea for the ills of the industrial property market, nor indeed is it going to be a shining light to the investment market," says Mr Leibowitz. "But it is a very useful motorway and it is going to have quite an effect on the economy in the south-east."

W.D.